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Results Review and Resources Request

USAID/Mongolia

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ACRONYMS AND OTHER TERMS

Aimag	Mongolian province-level unit of government
ADB	Asian Development Bank
ANE	USAID Asia/Near Bureau
DAI	Development Alternatives Inc. (USAID contractor)
DG	Democracy and governance
ENI	USAID Europe and Newly Independent States Bureau
EPSP	Economic Policy Support Project (USAID/Mongolia project)
ESF	Economic Support Funds (type of U.S. development assistance funding)
FSN	Foreign service national (type of USAID employee)
FSVC	Financial Services Volunteer Corps (USAID grantee)
FY	Fiscal year
GDP	Gross Domestic Product
GOM	Government of Mongolia
Great Hural	Mongolian National Parliament
IDLI	International Development Law Institute
IMF	International Monetary Fund
IR	Intermediate Result (USAID reengineering term)
IRI	International Republican Institute (USAID grantee)
JICA	Japan International Cooperation Agency
MK	Morrison-Knudsen Corporation (USAID/Mongolia contractor)
MNDP	Mongolian National Democratic Party
MPRP	Mongolian Peoples Revolutionary Party
MSDP	Mongolian Social Democratic Party
NGO	Non-governmental organization
OYB	Operating year budget
PACD	Project Assistance Completion Date
PPC	USAID Planning and Policy Coordination Bureau
RSM/EA	USAID Regional Support Mission for East Asia
SpO	Special Objective (USAID reengineering term)
Soum	Mongolian county-level unit of government
TACIS	Technical Assistance to the Commonwealth of Independent States (European Union development project)
TAF	The Asia Foundation (USAID/Mongolia grantee)
TDY	Temporary duty
Tugrik	Mongolian Unit of Currency (740 tugriks = \$1.00 in March 1997)
UNDP	United Nations Development Program
USDH	U.S. direct hire

PART I: INTRODUCTION

Mongolia has gone through remarkable political, economic and social changes since 1990. The collective effect of these changes has been to tremendously improve the climate for the delivery of development assistance. Changes during 1996 have been particularly significant, greatly enhancing the prospects for economic and political reform. A brief review of the rapidly changing environment in which USAID operates in Mongolia follows.

I.A Overview

Prior to 1990, Mongolia was heavily influenced by its close political and economic relationship with the Soviet Union. While the Soviet presence was resented by some, it brought many benefits to Mongolia and by the mid-1980s Soviet subsidies reached the equivalent of 30% of GDP. Mongolia, however, turned its back on communism in 1990 when demonstrations that began in sub-zero weather culminated in the resignation of the Communist Party Politburo, legalization of other political parties, pluralistic elections, and the writing of a new constitution. Mongolia's political progress since then has been profound. Free and fair elections have been held at the national level on four occasions since 1990. (Three parliamentary and one presidential election have been held to date. A second presidential election is scheduled for May or June 1997). A new constitution was drafted in 1992 and is being respected. There are no political prisoners, freedom of religion is respected and, while the government still wields influence over broadcast and print media, dozens of small newspapers, two TV stations and numerous radio stations disseminate a wide range of opinion.

Shortly after Mongolia rejected communism it embarked on an ambitious program of economic reform aimed at replacing its centrally planned economy. However, the collapse of the USSR and the end of Soviet subsidies, combined with Mongolia's extreme climate, geographic isolation and outdated capital stock, quickly brought the country to the brink of disaster: the economy steadily worsened, output declined, the balance of payments situation deteriorated and inflation grew rapidly, reaching almost 400% in 1992. In addition, Mongolia's social safety net frayed, with the effects being particularly burdensome for Mongolia's youngest and oldest citizens. Nonetheless, Mongolia remained committed to reform and in 1993 the economy hit bottom and began to rebound. In 1994 the economy grew by 2.4%, the first real growth since the reform process began. In 1995 the economy grew by 6.3% and in 1996 the economy is estimated to have grown by 2.7%.

In the recent June, 1996 election, the Democratic Union Alliance, a coalition of the Mongolian National Democratic Party (MNDP) and the Mongolian Social Democratic Party (MSDP) defeated the Mongolian People's Revolutionary Party (MPRP), which had been in power since

1921. (The MPRP, originally a conventional communist party, survived the birth of democracy in Mongolia by adapting to the new political environment.)

Prior to the 1996 election the two opposition parties held only 6 of the 76 seats in parliament (the MPRP held the balance). After the election the number of seats held by the opposition coalition rose to 50 while the number of seats held by the MPRP dropped to 25. (The sole remaining seat was won by an MPRP ally.)

Since the election, the new Democratic Union government has begun to implement painful, but economically sound changes in government policy, such as raising energy prices, liberalizing trade and investment policies and picking up the pace of privatization. These promising actions prompted Congress to renew its commitment to provide development assistance to Mongolia. In late September 1996, Congress earmarked \$10 million in FY 1997 ESF funds for Mongolia, a figure which included a provision calling for at least \$6 million to be spent on energy.

The new government and the new funds provide USAID with an array of opportunities to enhance its already considerable achievements in Mongolia. These new opportunities have led us to propose a number of changes to the USAID/Mongolia strategy, changes that we believe will result in a more focused program, better able to capitalize on recent developments in Mongolia. The proposed changes are discussed in Part II of this report.

I.B Factors Affecting Program Performance

The loss of Soviet support left Mongolia with an unbalanced economy. While the country has progressed significantly since the dark days of the early 1990s, the standard of living of most of its citizens is still well below the level it reached under Soviet dominance. Per capita income is estimated to be only a little over \$500. At this low level, a decade of 6% growth rates (an optimistic scenario) will still leave Mongolia with a per capita of less than \$900. The Government of Mongolia, USAID and other donors recognize that Mongolia must create a stable political climate and a fertile economic environment if it is to develop. Specific obstacles to progress include:

- A harsh environment, remote location and poor energy, transportation and communications systems. These factors have created a high-cost economy which makes it difficult for Mongolian firms to compete in international markets. Simultaneously, the country's small population and vast expanses limit the size of its internal markets.
- A high level of dependence on a single establishment for export earnings. In 1995, 67% of Mongolia's imports were paid for by revenues from ore exported from the Edernet copper mine. However, the world price for copper as well as the quantity and quality of extractable ore at the mine has begun to decline and export earnings from the mine are expected to drop in the future.

- A high level of dependence on overseas development assistance to finance development activities. In 1995 Mongolia attracted more than \$200 million in overseas development assistance but only about \$10 million in foreign investment.
- A basic lack of understanding about the day-to-day workings of a modern democracy among many members of the GOM. There is an across-the-board need to develop the professional skills of judges, key staffers in the national parliament (Great Hural) and senior officials in the ministries as they relate to the actual workings of a modern democracy.
- An inadequately developed judicial branch. Numerous problems with the judicial branch exist: 1) the concept of judicial independence is poorly understood by those both inside and outside the judiciary and must be developed; 2) a code of conduct that places members of the judiciary above politics is lacking and must be created; 3) communications between the legislative and judicial branches and among the various courts of the judiciary is poor, sometimes leading to misinformed and arbitrary rulings; and 4) the role of the judiciary in the protection of civil liberties is not well understood. These are only some of the more obvious problems, many others exist as well.
- A failure to separate party from government. Like the MPRP before it, the new coalition is failing to separate its party apparatus from its governing apparatus. Almost all of the leaders of the coalition have become MPs and are reluctant to hand over control of their respective parties to others. Former party leaders stepping up to become MPs have been replaced by individuals who are young, inexperienced and malleable. This poses a potential threat to the principle of separation of powers between political parties and the government (as was the case under communism) and could undermine many of the recent democratic gains in Mongolia.
- Growing alienation of citizens, particularly those living in rural areas. Recent economic reforms have significantly reduced the real incomes of the vast majority of Mongolian leading to a widespread sense of disenfranchisement. This sentiment has been particularly pronounced in rural areas where the loss of such benefits as free boarding schools for children of families living in remote areas has been keenly felt. The voters sense of being "cut off" from their government is believed to have been an important factor in the widespread losses sustained by Democratic Union Coalition candidates in local elections held the Fall of 1996.
- A high level of dependence on countries of the former Soviet Union. While Mongolia has taken limited steps to diversify its export and import markets, the economies of Mongolia and the former USSR remain highly integrated. (Mongolia, for example, relies upon Russia for most of its raw materials and spare parts.) Slow economic progress in Russia constrains Mongolia's short-term development prospects and disengagement is likely to be a slow and costly.

- Chinese suspicion about Mongolia's liberal economic and political policies. This distrust hinders Mongolia's access to what is, potentially, its most important export market. In addition, Mongolia's shortest route to the sea and its overland access to the attractive markets of Southeast Asia pass through Chinese territory.
- A social fabric that remains under serious strain. Although at a four year low, unemployment still stands at 20% and inflation is still above the 50% level. In addition, State pensions for the elderly have fallen below subsistence levels. (Pensions were just raised to \$10 a month and the government estimates that a family of four needs \$80 per month to live reasonably.) The percentage of the population living in poverty currently stands at about 20%, down from its peak of 25% in 1993/94, but still up from virtually nothing in the Soviet era. (Unlike many other developing countries poverty in Mongolia tends to be concentrated in urban areas rather than in rural areas.)

Despite these problems, development assistance activities in Mongolia are able to build upon a number of strengths in Mongolian society. These include:

- A broad commitment to the development of democracy and a market economy among key members of Mongolian society.
- A well developed human resource base. Mongolian society is young, highly motivated and relatively well educated (93% of the adults are literate and 88% have completed 8th grade).
- A high degree of internal social cohesion. Mongolians have a strong sense of national identity and have strong cultural traditions that emphasize mutual respect and cooperation.
- A government committed to development. Mongolia is a country where the advice and ideas of donors are welcome. The technical assistance provided by the U.S. is especially valued because America is seen as a vigorous advocate of democracy and market-oriented growth, without any vested interests in Mongolia.

USAID has treated these obstacles and strengths as guideposts to help develop its strategy in Mongolia. If there has been a single idea that has shaped our efforts in Mongolia it has been the need to promote balanced economic and political development. USAID recognized from the beginning that the growth of democracy and a market economy in Mongolia must be carefully paced. If the pace of reform was too slow there was a risk of economic and political stagnation. If the pace of reform was too fast and Mongolia experienced extreme political and economic gyrations, long-lasting development could be undermined. Thus, USAID's large investment in emergency energy assistance was designed to "keep the wolf at bay" while other USAID funds were targeted at promoting carefully paced political and economic development.

USAID's strategy of balanced development in Mongolia is working. Four years of serious but cautious commitment to reform under the previous MPRP government has created the foundation of a market economy and allowed democracy to grow deeper roots, thus setting the stage for the new government's much more ambitious program of tackling obstacles which have proven intractable in many transition economies, such as banking reform, energy pricing, pension reform and privatization of large state-owned enterprises.

The prospects for achieving USAID's strategic objectives are bright if U.S. funding continues. USAID's reputation as a detached, honest broker and its willingness to venture into areas which other donors can not or will not operate, leaves it uniquely positioned among the donor community to help Mongolia emerge as a robust East Asia democracy.

I.C Overall Progress in the USAID/Mongolia Program

Since the program's inception in November 1991, USAID/Mongolia has focused its resources on stabilizing Mongolia's power production system, promoting economic development and fostering democratic development. The following are USAID/Mongolia's most significant achievements in these three areas during 1996:

Energy:

- USAID and its contractor, Morrison-Knudsen, succeeded in meeting a very ambitious set of emergency energy procurements for Mongolia's power plants and coal mines.
- Tangible improvements in the performance of power plants have been felt during the 1996-97 winter. These improvements include fewer power outages, more heat for homes and offices as well as more frequent availability of hot water.

Economic Growth:

- USAID's Economic Policy Support Project played a key role in organizing the August 1996 Economic Policy Workshop helping to set its agenda, recruit four expatriate experts as speakers, and pay for workshop costs. The results of the conference influenced the highest levels of the Government of Mongolia, including the Prime Minister and senior ministers, and lead to the development of a comprehensive economic reform agenda.
- With direct involvement of EPSP advisors, the new government's economic reform agenda was drafted and finalized and an implementation timetable was set.
- The new prime minister, Mendsaikhany Enkhsaikhan, took on three young, American-trained Mongolian economists working on the EPSP project as his economic advisors, naming one of them, Ts. Batbold, as his Senior Economic

Advisor. The GOM thereby acquired a core cadre of experienced economic policy analysts intimately familiar with USAID's Economic Growth Strategic Objective.

- EPSP played a key role helping to set new electricity, heat, coal and petroleum prices. It suggested that existing, subsidized prices be maintained on the first 100 kw of household electricity consumption. This measure was designed to protect poorer households and to sharply reduce the inflationary pressures that might ensue from the increase. (Households consume an average of 150 kw per month.) This suggestion also made the increase much more politically palatable and permitted higher and broader price hikes than might otherwise have been possible.
- On September 15, 1996 the government raised electricity prices and heat prices by 60%, excluding the first 100 kw of electricity per month for households. In addition, coal prices were raised by 45% and petroleum prices were raised by an average of 40%.
- In a series of gradual steps, petroleum prices were completely deregulated during the last months of 1996.
- On January 1, 1997 the government again raised heating prices by 10% and electricity prices by an average of 28%.
- EPSP played a key role in alerting the new government to the precarious financial condition of two of the nation's largest banks and to the inadequacy of the banking reform efforts under the previous government.
- Through a series of memos to the Prime Minister, the Minister of Finance, and the Central Bank governor EPSP played a key role in presenting possible alternative approaches to banking reform.
- After a bank reform strategy had been agreed upon, EPSP helped to recruit and field two experienced short-term consultants to assist in the final preparation and implementation of the new banking strategy.
- EPSP's efforts in the banking sector helped the government to close two of Mongolia's largest banks in late 1996 without any panic or serious macroeconomic consequences.

Democracy

- Mongolia conducted its second national parliamentary election since communism came to an end in 1990. The election was widely hailed by outside observers as being free and fair. It resulted in the Democratic Union Alliance defeating the MPRP, ending the party's 75 year grip on power. USAID's principal grantee in the democracy sector, The Asia Foundation, can legitimately lay claim to helping create the "level playing field" that made this victory possible. (A second U.S. NGO, the International Republican Institute, which was primarily funded by the National Endowment for Democracy, also played a key role in these efforts.)
- In the June 1996 parliamentary election, 25 former TAF grantees ran. Of these, 17 won, 13 from the Democratic Union Coalition and 4 from the MPRP. (Mongolia's national parliament has 76 seats, thus TAF has provided assistance to more than 20% of the membership.)
- TAF's Country Director, Sheldon Severinghaus, received the Medal of Friendship from Mongolian President Ochirbat. In awarding the medal, President Ochirbat said, in part: "I want to thank The Asia Foundation for all its contributions to the development of a legal framework for our new democracy, for assistance in drafting our new constitution, for support in training and promotion of competent legal professionals, and for the strengthening of relations between our two countries."
- The Mongolian Parliament passed a law protecting NGOs on January 30, 1997. For the last three years TAF has been playing an active role in the development and promotion of this law. While the final version was not as strong as its supporters originally hoped, it included the two key provisions that the NGO community wanted: tax exempt status of NGOs and deductibility of donations.

Thus, 1996 was a year marked by considerable progress in USAID's program in Mongolia. We believe that this year's achievements will broaden and deepen the developmental impact of Congress's \$10 million FY 1997 earmark for Mongolia.

PART II: STATUS OF THE MANAGEMENT CONTRACT

In early June, 1996, the ANE Bureau decided to end USAID's direct-hire presence in Mongolia and transfer management of the Mongolian program to USAID/Philippines. This decision was based, in large part, upon the belief that USAID's program in Mongolia, which had always been highly dependent on ESF funds, was unlikely to receive further infusions of such funds. However, the stunning results of the parliamentary election on June 30, 1996 and its affirmation of the growth of democracy in Mongolia, set in motion a series of events which resulted in USAID deciding, approximately five months later, to re-establish its direct-hire presence in Mongolia.

These events led to an exchange of ideas between USAID/Philippines and USAID/Washington about Agency programming in Mongolia. We believe that it is important to discuss and respond to Washington's programming suggestions before presenting our own programming goals for the future. Accordingly, this report places the discussion of the status of the management contract ahead of the discussions devoted to program achievements and the request for future resources.

II.A Transfer of Program Oversight Responsibilities and Proposed Changes in the Mongolia Strategy

The June, 1996 "close-out" decision led to a series of management actions which resulted in the following:

- a reduction in the Mission's office space by half;
- a reduction in the Mission's FSN staff from five to three;
- the release of the Mission's three rented apartments (one for the AID Representative and two for TDYers/storage space);
- the sale or transfer of the contents of the three apartments; and
- the sale of much of the Mission's office equipment.

These close-out actions were undertaken during the period between August and September 1996. In late September, however, Congress appropriated \$10 million in FY 1997 funds for Mongolia. After careful consideration, the ANE Bureau decided, in November, to re-establish the Agency's direct-hire presence in Mongolia. Permission was also given to increase the number of FSNs from three to four (two project officers, one office manager/secretary and one driver). In addition, the Embassy returned one of the three apartments that had been previously transferred for use by the new AID Representative. Although a candidate for the AID Representative

position has been selected he still has not arrived at post as of the date of the submission of this report (March 1, 1997). The candidate is expected to arrive at post in Spring, 1997.

One of the key decisions associated with close-out was the determination to transfer program and administrative management responsibilities to USAID/Philippines. (Responsibility for day-to-day supervision of the FSNs was transferred to the U.S. Embassy in Mongolia.) In response to this decision, USAID/Philippines submitted a document to Washington on October 23, 1996, laying out its views of the USAID/Mongolia program. This document essentially affirmed the existing USAID/Mongolia strategy:

In general, we believe that the current program in Mongolia is properly targeted. We think the overall USAID strategy for Mongolia, as articulated in the "R4" for Mongolia [dated March 1996], is sensible and should be followed.

The document went on to present USAID/Philippines' ideas on how to program the \$10 million in FY 1997 funds earmarked by Congress for Mongolia. It foresaw spending \$6 million for energy, \$2 million for economic growth and \$2 million for democracy. The document was submitted prior to Washington's decision to re-establish the direct-hire position in Mongolia and consequently anticipated almost complete USAID/Philippines management control of the Mongolia program. Manila envisioned that its management of the Mongolia program would be guided by four principles:

- the program would be kept as simple as possible, structured to impose minimal additional management burden on USAID/Philippines;
- substantial support would be received from various USAID/Washington offices;
- some modifications in normal program documentation would be permitted; and
- Manila would receive at least the minimal amount of supplemental resources required for adequate program oversight and implementation.

The document concluded by asking for USAID/Washington's reaction. This reaction was forthcoming in a document dated November 21, 1996. USAID/Washington saw a somewhat more pressing need to revise the USAID/ Mongolia strategy, stating in the introduction that:

The purpose of this memo [] is to provide [] one voice to help us work collaboratively towards a revised strategy that will help you more effectively manage the Mongolia program.

We (USAID/Philippines) are largely in accord with the ideas presented in the November 21 memo except in the field of energy, where the assumptions underlying Washington's suggestions have been superseded by events on the ground in Mongolia. (We wish to take this opportunity to formally thank our many colleagues in the ANE Bureau and the Global Bureau, not only for their assistance in improving the Mongolia strategy, but also for their contributions to the overall management of the USAID/Mongolia program during this past year.)

Given the value of developing a consensus among all parties regarding USAID programming in Mongolia, we will present USAID/Washington's programming suggestions as outlined in the November 21 memo (set in italics) followed by our thoughts immediately afterward. We welcome additional discussion of these issues during the R4 review sessions in Washington.

II.A.1 Economic Growth Strategic Objective

FROM THE NOVEMBER 21 MEMO: *We concur with programmatic thrust of your October 23rd memo in EG...We suggest that the EG strategic framework be revised to better reflect the kinds of results we expect to receive. You will note that in last spring's R4 review we suggested that we agree upon a set of "fewer indicators in order to capture results which can be achieved and more easily managed by a Mission with constrained resources." In the EG results framework, there are three aspects to this R4 suggestion that we ask you to consider:*

- IR#1 is more ambitious than our \$3 billion EG SO for Egypt! The IR is improved macroeconomic management, measured by consumer price index inflation, per capita income, current budget surplus and other indicators that seem to go way beyond the scope of our program.*
- IR#2, on the other hand, stresses improved policy analysis (a more appropriate result at the IR level) -- the problem with this IR is that the indicators seem more like outputs than results.*
- IR#3 also seems more appropriately defined than IR#1, but we have not seen adequate results reporting from FSVC based on the current set of indicators. Further, given ADB's major role in commercial bank training, we question whether there is truly a significant gap in assistance to this area. We appreciate the need for assistance to the Central Bank and encourage you to explore this possibility with FSVC, again depending on the roles of other donors.*

While we do not wish to be prescriptive, we suggest a much more streamlined results framework for the EG program, with emphasis on improved national policies....The IRs could reflect two critical and likely issues of engagement such as privatization and pension reform.

OUR THOUGHTS ON THE ECONOMIC GROWTH SO: While we intend to keep the SO itself intact, we plan to reformulate our IRs largely in line with the suggestions made above. First, we intend to collapse IR#1 and IR#2 into a single IR as follows: "GOM macro-economic and sectoral policy management improved." Second, we intend to create separate IRs for each major area of EPSP engagement: fiscal policy, energy policy, pension reform and financial sector development. Thus, the first IR focuses on improving overall management while the remaining IRs focus on solving specific problems.

We also share Washington's concerns about IR #3. The organization primarily responsible for the achievement of IR#3 was the Financial Services Volunteer Corps (FSVC). With the

conclusion of the FSVC activity on September 30, 1996 we would like to go on record in this report as requesting that IR#3 be dropped from the Economic Growth SO. We also agree that additional work is needed on the indicators associated with the SO. We would be happy to enter into preliminary and informal discussions with USAID/Washington on a revised set of indicators at the time of the R4 review, perhaps using PPC's new list of recommended indicators as a point of reference. (A first cut on these new indicators is presented in this report, but we believe that the final choice of indicators should be a product of the development of the Mongolia Performance Monitoring Plan which will include input from the new AID Representative and the contractor responsible for the achievement of the IRs.)

We would also like to suggest that a flexible approach be taken towards the specific areas of engagement associated with this SO. Electoral results, economic events, changes in government personnel and the simple passage of time continually result in new opportunities to improve economic management. Confining ourselves solely to the four areas of engagement listed above may result in lost opportunities and perhaps limit our ability to achieve the overall strategic objective. Thus, we would like to go on record here as requesting that a system, consistent with the principles of reengineering, be developed that will allow USAID/Mongolia to alter intermediate results associated with this SO in an expedited fashion so that opportunities to contribute to economic reform are not lost. We present the following as the revised USAID/Mongolia Economic Growth SO:

Strategic Objective 1: A policy and institutional framework conducive to rapid private-sector expansion created.

- Intermediate Result 1: GOM macro-economic and sectoral policy management and policy analysis improved.
- Intermediate Result 2: Energy policies improved.
- Intermediate Result 3: Financial sector developed.
- Intermediate Result 4: Mongolian national pension system reformed.
- Intermediate Result 5: Fiscal management improved.

II.A.2 Democracy and Governance Strategic Objective

FROM THE NOVEMBER 21 MEMO: *We reviewed the Mongolia Democracy and Governance program proposed in the October 23rd memo, and agree that there is the basis for considerable continuity in the DG strategy....We suggest that the DG strategic framework be revised to focus on achieving measurable results in the short-term. The DG strategic objective that the Mission inherited is too broad for a program of this size and timeframe. In the spirit of technical collaboration, we propose the following:*

- *To focus the program, a problem statement should be identified. [We suggest] the following as a problem statement: "Mongolia lacks a wide public debate on the new and evolving social contract." To address this problem as its strategic objective, USAID could encourage "a wide public debate on the new and evolving social contract that reflects broad, effective and sustainable participation." Such*

a SO would give the Mission a better tool to focus R4 discussions on results that are achievable and meaningful.

- The Mission should re-evaluate the IRs in light of its revised and more focused SO statement. Depending on the SO formulated, it is possible that IR#1 (NGO strengthening) and IR#3 (political parties and legislative operations) may need little or no reworking....The Mission should review IR[#2] and, based on a more thorough assessment of the rule of law/judicial area, revisit the need for and desirability of a separate IR....We strongly encourage the Mission during this formulative stage to focus on achieving concrete results in the next two fiscal years....Given the management intensity of policy dialogue, especially with an ambitious legislative agenda, it is critical to limit the number of institutional areas.*

OUR THOUGHTS ON THE DEMOCRACY AND GOVERNANCE SO: We concur with the recommendations made by Washington and have revised our Democracy SO and IRs accordingly. Once again, we would be happy to enter into preliminary and informal discussions with USAID/Washington on a revised set of indicators for SO and IR level at the time of the R4 review, deferring final indicator selection until the preparation of the Mongolia Performance Monitoring Plan. We present the following as the Mongolia Democracy and Governance SO:

Strategic Objective 2: A broad protected and sustainable public dialogue on key issues of the new and emerging social contract.

- Intermediate Result 1: A robust and self-sustaining community of indigenous citizen initiated NGOs exists.*
- Intermediate Result 2: Organs of the judicial branch are capable of using and do use their authority and powers to support and protect a wide and sustained public dialogue on national issues.*
- Intermediate Result 3: Electorate given access and a voice in national and local legislatures.*

One final democracy and governance management issue should also be noted: with the close-out of the 1993-1996 TAF activity (which was virtually synonymous with the Mongolia Democracy SO) in June 1996, we created a new obligating mechanism, 430.0007, with a PACD of September 30, 1998, for our governance and democracy activities in Mongolia.

II.A.3 Energy Special Objective

FROM THE NOVEMBER 21 MEMO: *The current energy special objective is "emergency support provided to the Mongolian power production system." The focus of the revised program, however, will shift away from emergency assistance and towards more sustainable and systemic kinds of activities ranging from energy policy to renewable energy....Therefore, we suggest a strategic objective that reflects the developmental priority to phase-out emergency and short-term assistance and provide more sustainable improvements to the energy sector such as energy*

policy. The SO could focus on the energy policy reforms we hope to achieve, or how those reforms affect the efficiency of the energy system.

OUR THOUGHTS ON THE ENERGY SpO: We believe that it is prudent to keep the energy SpO focused on emergency support at least through the next R4 cycle. We have opted for this course of action for three reasons. First, the memo's assumption that "the focus of the revised program [] will shift away from emergency assistance..." has proven to be incorrect. USAID is devoting \$6.650 million of its \$7.0 in FY 1997 Mongolia energy sector funds to emergency assistance, as opposed to the \$2.5-\$3.0 million envisioned in the memo. Second, in the course of working out the details of the FY 1997 procurements with the GOM, we encountered considerable resistance to activities straying outside the boundaries of emergency support because they continue to believe that genuine emergency needs continue to exist. We are unsure that their attitudes will change at any time in the immediate future. Third, our energy sector contractor in Mongolia, Morrison-Knudsen (MK), is not sanguine about the prospects of power supply system through the 1998/99 winter. MK officials suggest instead that the energy emergency may continue through June, 1999. As evidence they point to the ADB-financed repair and upgrade activity at Power Plant #3, (responsible for approximately 30% of the power production in Mongolia) which they believe is insufficiently financed and may fail to meet its intended goals, thus prolonging serious problems at the plant. In addition, they believe that major problems will continue beyond June, 1998, at the Sharyn Gol coal mine, one of the two mines that feed the main power plants in Mongolia. Thus, we believe that if ESF funds are made available in FY 1998, the GOM may be able to make a strong case to continue to provide emergency support to the energy sector (although perhaps at a somewhat lower level than in FY 1997). Accordingly, we intend to retain the existing language as the Mongolia Energy SpO:

Energy Special Objective: Emergency support provided to the Mongolian power production system.

With the addition of \$7 million in FY 1997 for energy sector activities, we have extended the PACD of 438.0003 to September 30, 1999.

II.B Performance Monitoring

Another significant consequence of the close-out is that a comprehensive performance monitoring plan was not put in place for the USAID/Mongolia program. (The RSM/EA had originally planned to send a TDYer to Ulaanbaatar to begin to develop the performance monitoring plan, however, this individual was instead tasked with preparing the Mission Close-out Plan.) We believe that the Performance Monitoring Plan should be developed with the full participation of the new USAID Representative, as well as with the Mission's contractors and grantees. Accordingly, we propose to begin developing the plan later this spring after the arrival of the AID Representative. We anticipate submitting this plan to Washington for review and having it approved before the end of the fiscal year.

In the absence of a formal Performance Monitoring Plan, the performance indicators presented in this report should be considered to be illustrative in character. Fortunately, it has been possible to gather enough factual information about the results of the USAID/Mongolia program over the past year to accurately assess its performance.

II.C Funding Assumptions and Mission Close-out

The program in Mongolia is reliant upon Congressional earmarks which are appropriated on a year-to-year basis. This obviously makes mid-term planning, a key feature of the R4 process, difficult. To facilitate the planning process, this report is based upon the following financial planning assumptions:

FY 1997:	\$10 million
FY 1998:	\$7 million
FY 1999:	\$3 million
FY 2000:	\$3 million

At the present time the Agency believes that USAID's presence in Mongolia will end in September 2000. This exit date has been factored into USAID/Mongolia's strategic plan and the post intends to achieve all of its strategic objectives by the exit date.

The following are additional assumptions associated with the September, 2000 close-out:

- USAID's USDH presence in Mongolia will end on or about June 1999;
- after the departure of the direct-hire, USAID will retain an office in Mongolia staffed by FSNs until September 2000;
- during this latter period USAID's program in Mongolia will be managed by USAID/Philippines;
- USAID/Mongolia's Energy Special Objective will be achieved and completed on or before September 30, 1999 (the current PACD);
- USAID/Mongolia's Democracy and Economic Growth Strategic Objective will be achieved and completed on or before September 30, 2000; and
- all USAID program activities in Mongolia will end on or about the date of the closure of the USAID office, i.e., September, 2000.

USAID/Philippines believes that it will be able to manage the program in Mongolia after the departure of the U.S. direct-hire and achieve Mongolia strategic objectives without any major program restructuring if the four principles outlined in the Section II.A are adhered to. Lastly, when the time comes, we believe that we will be able to manage the close-out of the USAID/Mongolia with only limited TDY assistance from Washington.

PART III: PROGRESS TOWARD OBJECTIVES

Despite the disruptions caused by the loss of the U.S. direct hire in Mongolia and the transfer of the program to USAID/Philippines management, USAID's program in Mongolia made remarkable progress in 1996. Indeed, 1996 might be characterized as USAID's most successful year yet in Mongolia, marked by achievements that promise to make future development activities in Mongolia more productive.

This section is divided into three parts: the first examines progress and plans associated with the Mission's Energy Special Objective, the second examines progress and plans associated with the Economic Growth Strategic Objective, and third provides a similar review of the Mission's Democracy Strategic Objective. The performance data tables associated with these objectives can be found on pages 42-65.

III.A Special Objective 1 - Energy

Begun in September, 1992, the Mongolia Energy Sector Project has provided critical spare parts, technical assistance and training to shore up energy production at Mongolia's key power plants and coal mines. Initially, USAID provided \$12 million to purchase spare parts for the country's power plants on an emergency basis. Between 1993 and 1996, some \$26.3 million in additional funds were provided under the project, bringing total project funding to \$38.3 million. The funds have been used to provide spare parts and commodities for the power plants in Ulaanbaatar and Choibalsan and for the coal mines which provide the fuel for these plants. Items such as coal conveyor belts, truck tires, boiler components, pumps and motors have been purchased under the project. Funds have also been provided for associated technical assistance, procurement services, and project management support. The project has been successful: no major interruptions of electricity supply or heating have occurred during the period of USAID assistance.

Morrison-Knudsen's contract with USAID came to an end in June 1996, and USAID had intended to phase out its support of the power sector with one final obligation, using a combination of FY 1996 funds (\$2.9 million) and unexpended funds from previous obligations (\$700,000). The FY 1996 funds were originally programmed to purchase heavy equipment for the Sharyn Gol coal mine. The unexpended funds were to be used to initiate a renewable energy program in rural areas. (Both the procurement and renewable energy activity were to be managed by the Global Bureau.) With these actions, the project was scheduled to end by September 30, 1997. By that date it was anticipated that other donors, whose involvement in the power sector had been encouraged by USAID, (i.e., the World Bank, the ADB, and Japan) would assume major responsibility for energy sector assistance.

However, in response to the results of the parliamentary elections in June, 1996, and the new government's announcement of an accelerated program of economic and social reform, the U.S. Congress earmarked \$10 million of FY 1997 ESF funds for Mongolia, with at least \$6 million being sub-earmarked for the energy sector. The sub-earmark was included due to concern that Mongolia might not have enough resources to ensure reliable operation of its power plants through the 1997/98 winter.

When word was received in late September 1996 that Congress had earmarked \$6 million in FY 1997 funds for the energy emergency, USAID decided to reprogram its available energy sector funds (i.e., the \$2.9 million of FY 1996 funds and the \$0.7 million of residual project funds) to also address this issue. Rather than using the funds to purchase heavy coal mining equipment and foster the development of renewable energy resources, it was decided to use the funds to purchase consumables and spare parts that would help to sustain the power plants through the 1996/97 winter. A waiver of competition was granted to allow Morrison-Knudsen to be contracted on a non-competitive basis to procure the needed spare parts and commodities.

III.A.1 Performance Analysis - Energy

The most significant 1996 Energy SpO achievements were associated with the emergency procurement described above, and came at the end of 1996. The early part of the year focused on wrapping up the earlier Morrison-Knudsen contract. This was done successfully and the contract formally ended in June 1996. The late summer months were spent developing the originally planned Sharyn Gol procurement and renewable energy activities.

The decision to reprogram the available energy funds was made in September 1996 and the decision to use Morrison-Knudsen as the procurement agent for the reprogrammed funds was made until October, 1996. Thus, in order to procure and deliver the consumables and spare parts in time for the items to be useful for the 1996/97 winter, USAID and MK had to set very ambitious work schedules for themselves. It helped tremendously that Morrison-Knudsen, on the basis the trust that had been built between it and USAID, was prepared to begin work on the procurement before a formal contract was signed. Within ONE WEEK of the preliminary agreement (i.e., by early November) MK had an office in Ulaanbaatar opened and staffed with a mixture of U.S.-based and Mongolian personnel.

In late November a joint USAID-MK team traveled to Moscow to negotiate the procurement of the items identified by the GOM and MK as being needed to keep the Mongolian power supply system running through the winter. These items included consumables (explosives and mazut, a heavy oil sprayed on coal with a high moisture content to make it burn at higher temperatures) and spare parts including ball mill, truck, crusher, excavator and drill spare parts as well as dragline buckets and wire rope.

The mazut was a particularly critical item and 4,000 tons (approximately a two month supply) was delivered by December 28, 1996. A number of other critically needed shipments arrived by

the end of December and almost all of the items procured are expected to arrive before March 1, 1997. The table below outlines the status of the MK procurements as of February 24, 1997.

1996/97 Winter Season Energy Procurements (as of 2/28/97)

Items Procured	Date	Planned Shipping Date	Actual Shipping Mongolia	Planned Arrival in Mongolia	Actual Arrival in
1. Mazut (7350 tons ordered)					
Shipment 1 2000 tons		Dec. 20	Dec. 18	Dec. 26	Dec. 25
Shipment 2 1970 tons		Dec. 28	Dec. 24	Jan. 03	Dec. 28
Shipment 3 2830 tons		Jan. 15	Jan. 10	Jan. 21	Jan. 14
Shipment 4 550 tons		Jan. 25	Jan. 24	Jan. 31	Jan. 30
2. Ball Mill Spare Parts					
Shipment 1		Jan. 10	Dec. 26	Jan. 30	Jan. 14
Shipment 2		Feb. 08	Jan. 27	Feb. 15	Feb. 11
Shipment 3		Mar. 10		Mar. 30	
3. Powder Cartridges		Dec. 30	Dec. 24	Jan. 04	Jan. 03
4. Truck Spare Parts					
Shipment 1		Dec. 31	Jan. 13	Jan. 31	Feb. 28
Shipment 2		Jan. 31	Jan. 31	Feb. 28	Not arrived 2/28
5. Drill Bits and Spare Parts	Jan. 25	Jan. 21	Jan. 30	Feb. 03	
6. Truck Tires					
Shipment 1		Jan. 25	Jan. 25	Feb. 15	Feb. 10
Shipment 2		Feb. 31	Feb. 04	Feb. 25	Not arrived 2/28
7. Dragline Buckets		Jan. 25	Jan. 24	Feb. 02	Feb. 08
8. Excavator Wire Rope		Jan. 25	Dec. 31	Jan. 31	Jan. 20
9. Crusher Spare Parts		Jan. 30	Jan. 23	Feb. 15	Feb. 15
10. Excavator Spare Parts		Jan. 25	Feb. 12	Feb. 20	Not arrived 2/28

As can be seen from the table above MK has met or exceeded its planned shipping dates in 13 out of 16 cases and its planned arrival dates in 11 out of 16 cases. The items received account for 84% of the items ordered (in dollar value) and another 7% is in transit. (One small consignment of ball mill spare parts will be shipped after March 1, 1997.) The delay in the truck spare parts and tires (which came from the same supplier) was due to the fact that the supplier was unaware that Russia was officially celebrating Russian Orthodox Christmas this year for the first time since the revolution, closing the railroads for a number of days and upsetting their shipping plans. The delay in the excavator spare parts was due to seven pieces of equipment, valued at \$3,200 being unavailable, and substitutes having to be chosen before the order could be shipped. MK's greatest area of concern was with the dragline buckets, because they thought the supplier had given them an overly optimistic delivery date. The buckets are wider than a railway car and typically require numerous permits before they can move down the line. However, as can be seen from the table, the buckets arrived in Mongolia ahead of schedule.

We believe that the evidence demonstrates that USAID and its contractor have largely succeeded in meeting a very ambitious set of activity goals. In the course of this procurement MK has carried out its contracted responsibilities competently and the spare parts and commodities have arrived in a timely fashion. Reasons for this success include the following: 1) the trust that had been built, over a period of years, between key USAID personnel in Washington and senior employees of the contractor, Morrison-Knudsen; 2) the contractor's extensive experience and contacts in Mongolia; and 3) the contractor's previous experience with eight of the ten suppliers (all Russian) used in the procurement.

Despite the success in meeting the goals of the FY 1996 procurement, and the larger success of the Energy SpO in keeping the power supply system operating, Mongolia's power plants are still operating at levels well below the levels they operated at in 1990. The performance tables presented at the back of this report show that total gross power generated by the Mongolia Energy Authority declined from 2,986 million kilowatt hours in 1990 to 2,476 million kilowatt hours in 1996. During this same period number of kilowatt hours of power imported from Russia by the Authority rose from 228 million hours in 1990 to 376 in 1996. (The Mongolia Energy Authority operates the main power grid in Mongolia. Very small, free-standing systems, typically powered by inefficient diesel generators also operate at the aimag [provincial] level.)

These trends are supported by data from the individual plants. In the case of Power Plant #3 (responsible for 30% of the electricity produced in Mongolia) production as a percentage of capacity, dropped gradually from 47.9% in 1990 to 26.7% in 1996. In the case of Power Plant #4 (responsible for somewhat over 50% of the electricity produced in Mongolia) production as percentage of capacity, dropped from 50.1% in 1990 to 34.9% in 1995 and then recovered to 37.4% in 1996.

These figures would seem to support the arguments made by the Morrison-Knudsen engineers based in Ulaanbaatar, namely, that the energy crisis may not be over in Mongolia as soon as some expect.

III.A.2 Expected Progress Through FY 1999 - Energy

USAID/Mongolia programming decisions are contingent upon Congressional earmarks and funds exist only to carry the project through FY 1997. (For planning purposes only, we have assumed a funding level of \$4 million for energy in FY 1998.) Given the nature of the energy emergency in Mongolia, appropriated funds are designed to be disbursed quickly. Thus, little or no pipeline is anticipated in connection with the FY 1997 expenditures and no plans currently exist for additional energy expenditures beyond FY 1997.

In FY 1997 USAID/Mongolia intends to devote \$7 million of the \$10 million Congressional earmark for energy. This includes the \$6 million that was sub-earmarked by Congress as well as \$1 million from the remaining \$4 million that was made available for the Mongolia program in general. The Mission will use \$6.65 million of the \$7 million for equipment, spare parts, and commodities. Of this amount, \$2.0 million will be used for spare parts for the power plants and coal mines, \$2.4 million will be used to replace obsolete heavy equipment at the coal mines, and

\$2.25 million will be used to procure 10 diesel generator sets for Mongolia's aimag centers. Another \$200,000 will be used for to investigate opportunities for developing economically competitive and environmentally sound wind-based energy systems. (The remaining money, \$150,000, will be used for project management.)

As the major problems associated with the large power plants in Ulaanbaatar are overcome, it is anticipated that the GOM will focus increasing attention on the undeniably serious power problems in the outlying aimags. Most of these aimags are not connected to the central grid and rely on old Soviet-made, high-operating-cost, diesel generators to provide limited power in the aimag centers. Thus, if Congress does appropriate funds for Mongolia in the years after FY 1997, strengthening energy production and management is likely to continue to remain high on the GOM's list of priorities and remain a critical element in sustaining economic and democratic development in the years to come.

III.B Strategic Objective 1 - Economic Growth

Promotion of economic growth has been an objective of USAID/Mongolia since the inception of its program. The first USAID activity sought to support institutional reforms to enhance competitive markets and democratic processes. It was undertaken by the University of Maryland's Institute of Institutional Reform and the Informal Sector (IRIS) under a Global Bureau buy-in. The IRIS activity, which concluded in February 1996, had a cost of \$2.6 million and included eleven two-week seminars held in both the United States and Mongolia.

Another activity, entitled "Support for Economic Transition," funded at \$2 million and initiated in May 1991, sought to assist Mongolia's transformation to a market economy and included three components: 1) technical advisory services, 2) short-term technical training in the United States and third countries, and 3) long-term academic training in the United States. This project, part of which was undertaken in cooperation with the UNDP, succeeded in providing key members of the Mongolian government with training in the mechanics of market economies and their regulation.

In April 1994, the Mission launched a \$400,000 activity implemented by Financial Services Volunteer Corp (FSVC) aimed at addressing fundamental deficiencies in Mongolia's evolving economic regulatory and banking frameworks. The FSVC activity offered a wide-ranging series of in-country, commercial and international banking seminars and short-term training courses (taught by U.S. bankers) to help Mongolia's nascent banking community develop sound banking procedures and practices compatible with international standards. Training topics focused on banking issues affecting Mongolia's small- to medium-sized businesses, such as credit analysis, trade finance, accounting, and asset-liability management. Through its 12 courses more than 120 bankers were trained. The FSVC activity ended in September 1996.

In July 1995 the Mission initiated the Economic Policy Support Project (EPSP), a \$7.5 million activity providing a diverse array of technical assistance and training opportunities (long- and short-term) to strengthen and deepen Mongolia's transition to a fully functioning market

economy. At the Government of Mongolia's request, this activity has been located in the Office of the Prime Minister and serves as an intra-governmental resource for developing, debating, implementing and evaluating economic policies. Key entities from the private sector and academia (e.g., Mongolian Chamber of Commerce, Mongolian Bankers Association, NGOs and university professors) are also important participants in this policy dialogue. (At the present time, the Economic Policy Support Project is synonymous with the Mission's Economic Growth SO.)

After a brief initial review of the concluding activities of the Financial Services Volunteer Corp. the performance analysis that follows will focus on the achievements of the Economic Policy Support Project.

III.B.1 Performance Analysis - Financial Services Volunteer Corp.

The final \$220,600 FSVC grant ran from January 1, 1996 to September 30, 1996. (Although this last grant was financed out of EPSP it continued to operate as an independent activity in support of the Economic Growth Strategic Objective.) The goal of the activity was to provide targeted technical assistance and training to key staff of three small commercial banks to help reform of the banking sector. More specifically, the activity sought to establish, train and empower asset-liability, credit and loan workout committees at each of the three target banks. It was expected that with the skills acquired the banks would be in a better position to analyze the creditworthiness of borrowers and to begin the task of reducing the level of non-performing loans.

Nine American FSVC volunteers participated in the program, including the chairman of the board and senior vice president of a large U.S. regional bank. The volunteers spent an average of 14-20 business days in Mongolia. During a typical day a volunteer would spend the morning providing technical assistance to the senior management at target banks and afternoons leading training sessions that included these individuals as well as other members of the bank's staff.

By the end of the grant period the three target banks had each succeeded in establishing asset-liability, credit and loan workout committees. In addition, each bank drafted policies, procedures and risk rating systems to guide the operations of the committees. Other procedures developed included regular status reports on problem loans, credit file maintenance procedures, standardized business plans, due diligence procedures and customer quality controls.

Despite these short-term successes, the long-term sustainability of the FSVC achievements is uncertain. A brief evaluation study, perhaps undertaken in the Fall of 1997, by someone thoroughly familiar with state-of-the-art commercial banking operations, would be required to assess the long-term impacts of this grant. Anecdotal information gathered in the course of the preparation of this R4 report suggests that the three assisted banks continue to face formidable management problems.

III.B.2 Performance Analysis - Economic Policy Support Project

Economic Policy Support Project management expected that during the first half of 1996 the MPRP government would adopt a cautious approach to reform because of the political risks inherent in any major reforms undertaken ahead of the all-important June 1996 parliamentary election. Accordingly, EPSP followed an "agenda setting" strategy in the first half of the year. It was assumed that the pace of economic reform would quicken in the second half of the year, regardless of who won the election. The agenda developed in cooperation with the MPRP government focused on four areas of engagement: 1) energy pricing, 2) pension reform, 3) fiscal decentralization, and 4) reorganization of the Ministry of Finance.

The surprise victory of the Democratic Union Coalition in the June election upset this agenda but ultimately allowed EPSP to accomplish far more than it originally anticipated. The four areas where EPSP has been most active this year have been: 1) macro-economic and sectoral policy management; 2) energy pricing; 3) banking sector reform; and 4) privatization of large state-owned enterprises. There are some similarities between this list and the one proposed earlier by the MPRP government. However, the breadth and depth of reforms being undertaken by the new government are far wider and deeper than those originally planned by the MPRP government.

One of the keys to EPSP's success during the year was that the new prime minister, Mendsaikhany Enkhsaikhan, took on three American-trained, Mongolian economists working on the EPSP project as his economic advisors, naming one of them, Ts. Batbold, as his Senior Economic Advisor. The significance of this event can not be under-estimated. In one decisive action the GOM acquired a core cadre of experienced economic policy analysts, intimately familiar with USAID's Economic Growth Strategic Objective. Responsibilities of the three former EPSP advisors include, inter alia: 1) managing Mongolia's negotiations with the IMF and the World Bank; 2) taking a leading role in the restructuring of Mongolia's banking system; 3) leading efforts to reform Mongolia's tax system; 4) organizing efforts to promote foreign investment in Mongolia; 5) managing GOM efforts to privatize housing and land ownership; and 6) serving as spokesmen for the Prime Minister on a wide variety of economic issues.

Most of the 1996 EPSP accomplishments can be grouped neatly under the first three IRs associated with the Economic Growth SO. EPSP activity in the two other proposed areas of engagement, pension system reform (IR #4) and fiscal management (IR #5) has just begun and will be reported upon next year. Specific 1996 EPSP achievements are as follows:

IR # 1: GOM macro-economic and sectoral policy management and analysis improved.

- A series of memoranda from the EPSP Chief of Party to newly elected MPs and to the newly elected Prime Minister were prepared. These memos were instrumental in shaping the new government's reform agenda.
- EPSP played a key role in organizing the August 1996 Economic Policy Workshop, helping to set its agenda, recruit four expatriate experts as speakers, and pay for workshop costs. The results of this conference far exceeded

expectations, leading to the development of a comprehensive economic reform agenda.

- With direct involvement of EPSP advisors, the new government's economic reform agenda was drafted and finalized and an implementation timetable was set.
- The agenda received immediate and highly positive reactions from key international financial institutions.

Nineteen ninety-six achievements associated with this IR are analogous to the successful drafting of a highly ambitious blueprint and workplan. Future activities under this IR will focus on adding substantive details to basic plan and developing the means to effectively monitor the plan and its economic impacts.

IR #2: Energy policies improved.

- EPSP played a key role in analyzing energy pricing policy issues and evaluating the experiences of other countries that recently engaged in energy pricing reforms.
- EPSP played a key role helping to set new electricity, heat, coal and petroleum prices. It suggested that existing, subsidized prices be maintained on the first 100 kw of household electricity consumption. This measure was designed to protect poorer households and to sharply reduce the inflationary pressures that might ensue from the increase. (Households consume an average of 150 kw per month.) This suggestion also made the increase much more politically palatable and permitted higher and broader price hikes than might otherwise have been possible.
- On September 15, 1996 the government raised electricity prices and heat prices by 60%, excluding the first 100 kw of electricity per month for households. In addition, coal prices were raised by 45% and petroleum prices were raised by an average of 40%.
- In a series of gradual steps, petroleum prices were completely deregulated during the last months of 1996.
- On January 1, 1997 the government again raised heating prices by 10% and electricity prices by an average of 28%.

The results of EPSP activities in the field of energy have been immediate and tangible. As a result of the success of USAID's emergency energy sector procurements and the availability of sufficient revenues to cover operating costs, discernable improvements in the performance of power plants is being felt this winter. These improvements include fewer power outages, more heat for homes and offices and more frequent availability of hot water.

IR #3: Financial sector developed.

- EPSP played a key role in alerting the new government to the precarious financial condition of two of the nation's largest banks and to the inadequacy of the previous government's banking reform efforts.
- Through a series of memos to the Prime Minister, the Minister of Finance, and the Central Bank governor, the project played a key role in presenting possible alternative approaches to banking reform.
- The project was instrumental in helping to solicit IMF assistance in its banking reform efforts.
- At the Prime Minister's request, EPSP's Chief of Party was directly involved in a series of intensive banking issue discussions with the IMF and the Asian Development Bank. These discussions led to a series of joint GOM/ADB/IMF recommendations for the banking sector.
- After a bank reform strategy had been agreed upon, EPSP helped to recruit and field two experienced short-term consultants to assist in the final preparation and implementation of the banking strategy.
- These efforts by EPSP helped the government to close the two large banks in late 1996 without any panic or serious macroeconomic consequences.

The effect of these activities has been to greatly improve the prospects for overall banking sector reform and to improve the credibility of the government's entire reform agenda in the eyes of the IMF, the World Bank and other members of the international financial community.

The fourth area where EPSP was active in 1996 was in policy discussions with the new government on privatization. The EPSP Chief of Party suggested, and the Prime Minister agreed to solicit the Soros Foundation to work on privatization issues in Mongolia. This foundation has funded major privatization projects in other transition countries. With the help of the Chief of Party, the Prime Minister personally faxed this request to George Soros and Mr. Soros has agreed to have his foundation assist Mongolia. Thus, EPSP was successful in helping to attract additional financial assistance to address the goals of the Economic Growth SO.

Overall, the EPSP activity has been instrumental in helping the Democratic Union Coalition government to launch its new program of painful but sound package of economic reforms. The recruitment of the American-trained Mongolian EPSP economists, combined with specific achievements in the energy sector, banking and privatization resulted in considerable progress during the year towards the achievement of the Mongolia Economic Growth SO.

III.B.3 Expected Progress Through FY 1999 - Economic Growth

USAID/Mongolia programming decisions are contingent upon Congressional earmarks and funds exist only to carry the project through FY 1997. (For planning purposes only, we have assumed a funding level of \$2 million for economic growth in FY 1998 and FY 1999.) Funds from FY 1997 are being used to fully finance Delivery Order #7 which funds activities under EPSP until September 30, 1998. (The activity's PACD is September 30, 1999.) In addition, FY 1997 funds will be used to hire a long-term energy advisor to work with the Government of Mongolia. This advisor will be tasked with improving financial procedures at the Mongolia Energy Authority and laying the groundwork for greater private-sector investment in the Mongolian power supply system.

As the discussion above has indicated, EPSP is extremely well positioned to help shape future Mongolian fiscal, monetary and sectoral policies. As such, it is possible for EPSP to set targets that are far more ambitious than might be possible in other countries where USAID is undertaking economic growth activities. Accordingly, under current levels of funding, the Economic Policy Support Project expects to achieve the following results by September 30, 1998:

- At the SO level, EPSP intends to assist the GOM in reducing the rate of consumer price inflation to 33% by end of 1997 and 20% by the end of 1998. A substantial reduction in the inflation rate is expected to play a critical role in strengthening the environment for domestic and foreign investment. EPSP's major contributions to macroeconomic policy making, lead us to believe that this ambitious measure is a valid yardstick for the success of this strategic objective.
- Under IR #1, EPSP has set the following three goals: 1) six major economic reform initiatives are undertaken during the period between January 1996 and December 1998 (a "major economic reform initiative" is one defined as marking a reversal of previous policy or a strikingly new direction of policy, in a core economic policy issue); 2) EPSP-trained economists make major contributions to 12 economic reform initiatives between January 1996 and December 1998 (an "economic reform initiative" is one defined as a new approach to an important economic policy issue while a "major contribution" is defined as leadership or active participation at a senior level in the design or implementation of the initiative); and 3) appropriate economic tools and methodologies are adopted by the GOM to guide policy formulation and implementation (these tools and methodologies include preparation and dissemination of acceptably accurate economic data within key policy agencies; economic analysis of underlying economic trends; coordination of fiscal, monetary and sectoral policy in the framework of that analysis; and application of lessons from other nations when appropriate).
- Under IR #2, EPSP has set the following goals: 1) a system for regulating energy pricing (one under which utility prices will be based on cost changes) is established by December 1997 and functioning by December 1998 (functioning is defined as having the system make at least five pricing decisions made by December 1998); and 2) public subsidization of the energy sector is reduced by

33% by the end of 1996, by 50% by the end of 1997, and 95% by the end of 1998.

- Under IR #3, EPSP is seeking to increase the real volume (i.e., constant tugriks) of private sector savings by 10% in 1996, 1997 and 1998. Private sector savings include tugrik or foreign currency demand and time savings and retirement account deposits of individuals and private companies in commercial banks.
- Under IR #4, EPSP has set a target of setting up a self-financed national pension system by December 1997 and to have at least 20% of those eligible contributing by December 1998. (A self-financing national pension system is one under which contributions are invested on behalf of each participant, and eventually are made available to him or her when eligible, rather than being used to pay the benefits of others currently eligible.)
- Under IR #5, EPSP has set the following goals: 1) to set up a system of local revenue mobilization in the urban aimags by December 1997 and to have at least 20% of local expenditures financed by the system by December 1998 (local revenue mobilization include government fees, taxes and other revenue sources which are set and collected at the discretion of the local government, rather than by the central government); and 2) to foster the passage of legislation by December 1997 that reduces the highest tax rate on profits of small and medium sized enterprises from 40% to 30% (small and medium enterprises are defined as those with annual revenues of no more than 100 million tugriks in 1997 tugriks).

If additional funds become available for EPSP (e.g. \$2 million in FY 1998 and FY 1999) they will be allotted based upon the following priorities:

- funding core EPSP activities until the PACD of September 30, 1999 (cost: approximately \$1 million);
- hiring long-term and short-term advisors to work on issues related to fiscal decentralization (cost: approximately \$1 million);
- increasing the number of long-term trainees financed under the EPSP project by 10 (cost: approximately \$1 million); and
- extending the EPSP PACD until September 30, 2000 and funding core activities until the PACD (cost: approximately \$1 million).

III.C Strategic Objective 2 - Democracy

USAID has supported Mongolia's democratic transition from the very beginning of its democratic movement. In 1990, The Asia Foundation (TAF) initiated a program at the request of the Government of Mongolia using Congressionally-appropriated funds under the Asia Foundation Act of 1983. Direct USAID grant support to TAF began in 1991. The first phase of USAID support was designed to open the doors to the West and to allow Mongolians to study other democratic systems, not only in the United States, but also Europe and other democratic neighbors in Asia. This was accomplished cost-effectively through a structured series of seminars in Mongolia, organized study tours abroad for key government and non-government leaders, and by providing seed support for emerging citizen-initiated NGOs.

A second USAID grant of \$999,860, in effect from June 1993 to June 1996, was used to fund 41 separate activities, primarily in the areas of: 1) assisting in the development of the legislative and judicial branches of government; 2) assisting the development of citizen initiated NGOs; and 3) encouraging greater participation of women in politics. During this period the TAF grant was essentially USAID/Mongolia's sole democracy and governance activity.

While it is difficult to precisely apportion credit, USAID funded activities implemented through TAF appear to have significantly contributed to the institutionalization of democracy in Mongolia. Mongolia's overall accomplishments in embracing democracy have been profound: 1) a new constitution has been put into effect which guarantees basic democratic rights and protections; 2) a representative parliament has been created; 3) four free and fair national-level elections have been held; 4) a new, independent, judicial system has been established; and 5) a vibrant community of citizen-initiated nongovernmental organizations has emerged. Given the 1989 baseline of a completely controlled economy with an absence of democratic institutions, USAID can reasonably claim credit for catalyzing the process and moving it in a largely-positive direction consistent with U.S. interests.

Nonetheless, democracy and its implications are still not fully understood by the Mongolia public and some Mongolian leaders. Thus, the future of democracy in Mongolia is not assured. Without focused support, particularly in the areas of civil society, an independent judiciary and operations of elected representative bodies, Mongolian democracy will remain at risk.

In August 1996, USAID awarded a new \$400,000 grant to TAF. Under this grant TAF agreed to pursue four objectives: 1) support of activities aimed at finalization and passage of the draft NGO law; 2) support of NGOs engaged in economic and political policy issues; 3) support of NGOs providing research and information support services to other NGOs engaged directly in policy development, oversight or reform; and 4) underwriting the start-up costs of a NGO that operates a voter information and education center. The scope of the new grant is considerably narrower than the previous grant, focusing TAF's activities on the field of civil society.

In addition to the above mentioned \$400,000 grant, an additional \$250,000 in FY 1996 funds has also been made available for democracy and governance activities in Mongolia, through TAF. We have solicited a proposal from TAF to further extend its civil society activities in Mongolia with these funds. However, a final decision on whether we will proceed with this grant had not been made at this time.

III.C.1 Performance Analysis - Democracy

USAID funding of TAF activities in Mongolia produced some notable achievements in 1996. Twenty-six former TAF grantees ran in the June 1996 parliamentary election. Of these, 16 won: 12 from the Democratic Union Coalition and 4 from the MPRP. (Mongolia's national parliament has 76 seats, thus TAF has provided assistance to more than 20% of the current membership). In addition, TAF's Country Director, Sheldon Severinghaus, received the Medal of Friendship from Mongolian President Ochirbat. In awarding the medal, President Ochirbat said, in part: "I want to thank The Asia Foundation for all its contributions to the development of a legal framework for our new democracy, for assistance in drafting our new constitution, for support in training and promotion of competent legal professionals, and for the strengthening of relations between our two countries." Third, the national parliament finally passed legislation protecting the rights of NGOs. TAF has been working on this legislation for three years and while the final draft language of the law was not as strong as its supporters originally hoped, it did include the two key provisions that the NGO community wanted: tax exempt status of NGOs and deductibility of donations.

In other ways, however, evaluating the achievements of TAF during the past year is more difficult. The period covered by this R4 embraces the last six months of the previous three year grant (January to June 1996) and the first six months of the new one year grant (August to December/January 1996). TAF's contractual requirement to cease all USAID spending shortly after the three year grant ended limited its ability to evaluate the full impacts of the activities undertaken in the last six months of the previous grant.

Before turning to specific 1996 results it should be noted that TAF conducted an evaluation of the entire 1993-1996 grant, releasing the results in September, 1996. The overall tone of the evaluation was extremely positive.

Of particular note though, was that the TAF evaluator arrived at a significant conclusion about TAF programming in Mongolia, namely that its competitive advantages rested with its work in civil society rather than its work with the legislative and judicial branches. The following quotes taken from the Program Results section of the Executive Summary illustrate this point:

i) Representative Government: Although some of the efforts may bear fruit under a new Parliament, the results amount to a modest impact of a small set of initiatives.

ii) Legal Education and Reform: The work with the Chief Justice and Supreme Court was probably strategically significant, and the early exposure to change of large numbers of judges from all across the country must be seen as useful. Overall, however, this is a limited set of results, based on a relatively small program of undertakings, spread over too many sub-themes.

iii) Popular Participation/Civil Society: Clearly in this area, particularly among women's organizations, considerable headway has been made...The June 30 [1996] election itself reflects well on the work of TAF. 25 candidates who ran for Parliament were TAF grantees, 16 men and 9 women; of these 10 men and 7 women of these succeeded.

USAID/Mongolia had also arrived at a similar conclusion in the Spring of 1996 and in the Mission's planning for the new TAF grant it was decided that the Foundation should more narrowly focus its activities in Mongolia on IR #1 ("a robust and self-sustaining community of indigenous citizen initiated NGOs exists").

The 1993-1996 Grant Performance

Final 1996 activities under TAF's 1993-96 grant included the following:

- Helping the Press Institute of Mongolia to sponsor a one week training program for 35 journalists. (Timeframe: January-February, 1996.) Mornings were spent introducing topics related to balanced investigative journalism and election coverage. The sessions were led by a journalist/university professor from the United States. In the afternoon local experts spoke to the group. The training led to the development of "Reporter's Resource Handbook" a joint, self-financed effort involving the Press Institute and the Women for Social Progress (an NGO). This notebook provides the names, telephone numbers of influential Mongolian decision makers and will be updated annually.
- Providing funds to the Mongolian Supreme Court to publish six judicial bulletins and an index of the cases and rulings within the bulletins. (Timeframe: April-June, 1996.) Since 1983 there has been no systematic flow of information about the rulings and interpretations of the Supreme Court, increasing the risk of inconsistent or arbitrary rulings by lower courts. Publication of these bulletins ceased with the end of the TAF grant and TAF is unsure the extent to which this brief period of timely information may have helped members of the judiciary make better rulings.
- Undertaking an NGO ethics consultancy in which the consultants conducted one-on-one sessions with over a dozen NGOs, their leaders and their members. (Timeframe: April, 1996.) This consultancy was expected to help the leaders of the assisted NGOs better their organizations in an open, democratic and accountable manner. The consultants reported that "the general state of the NGO community in Mongolia is very healthy. With so many educated, intelligent and dedicated people working in the NGO community there is no reason for NGOs not to flourish so long as they regularly take time to examine, analyze and reflect on what they are doing and why." However, the consultants were uncertain about the impact of their own efforts: "it is not clear how much progress on such

fundamental issues can be made in such a short period of time....We have to admit that we do not know whether short-term consultancies are the best way to assist NGOs." (Both TAF and USAID share this concern. The issue of following up short-term assistance will be addressed in future grants to TAF/Mongolia.)

- As part of the run up to the June 1996 parliamentary election the Liberal Women's Brain Pool conducted a series of "Women in Politics" training seminars in various aimags around Mongolia. (Timeframe: April-June, 1996.) During these seminars more than 1800 women received training-of-the-trainers instructions, designed to permit each attendee to be able to conduct a half-day seminar on the role of women in politics. TAF believes that this training may have played a significant role in increasing women's representation in parliament from 3 to 7 seats. In addition, there is evidence suggesting that, as a result of this activity, women are becoming more active in civil society at the aimag level.
- The Political Education Academy wrote and produced materials for a full curriculum of practical civics education for local government officials and public servants. Over 270 public servants from six aimags attended the week-long training course. (Timeframe: April-June, 1996.) TAF anticipates that the activity it funded will serve as the prototype of similar training ahead of the presidential this May-June.

Once again, it needs to be emphasized that TAF's contractual obligation to cease all spending shortly after the three year grant ended limited its ability to evaluate the full impacts of the activities listed above. In future grants we expect to work closely with TAF (and other democracy grantees) to insure that long-term follow up of grantee activities occurs.

The 1996-1997 Grant Performance

TAF's second 1996 contract, signed in August, focuses on: 1) passage of the draft NGO law; 2) support of NGOs engaged in economic and political policy; 3) support of NGOs providing research and information support services to other NGOs; and 4) support of a new NGO that will operate a voter information and education center.

TAF is already well on its way to meeting three of these four goals.

First, the draft NGO law was passed by the Great Hural on January 30, 1997. TAF has been working on this law for three years. The final draft language of the law includes the two key provisions that the NGO community wanted: tax exempt status for NGOs and deductibility of donations. However, many other "nice to have" provisions were deleted from the law, including tax exemptions for revenues from NGO owned enterprises (e.g., a publishing house). Nonetheless, one rumor heard in the course of the preparation of this report was that the parliament would revisit many of these "nice to have" provisions when it takes up the new taxation law later this year. Regardless of what the Great Hural decides, passage of this law

demonstrates that NGOs have emerged as an important force in Mongolian society. Furthermore, passage of the law will contribute to the long-term viability of NGOs in Mongolia.

TAF has also been making substantial progress on its second objective, encouraging a number of NGOs to branch out into a broad array of policy issues including domestic violence, election activities and urban/rural issues. In addition, TAF helped to establish a National Council of Women in the Ministry of Health and Social Welfare. In the months to come, TAF expects to work with a variety of NGOs to expand their activities in the field of public policy.

Third, although it had not yet happened at the time of the submission of this report, the Women for Social Progress are on the verge of establishing a new Voter Education and Information Center dedicated specifically to full-time, non-partisan voter education and election analysis activities. TAF intends to fund the start-up activities of the Center once it is launched.

Only in the area of supporting NGOs providing research and information support services to other NGOs has progress been slow. In this particular case, the anticipated target of TAF assistance has gotten bogged down in a survey of the economic status of women in Mongolia funded by another donor and it has not had the time or human resources available to address this need. However, neither TAF nor the NGO involved have given up plans to create the support organization, to be named the Women's Information and Research Center.

Finally, TAF believes that it has made important contributions to a number of encouraging trends seen over the last year in the field of civil society in Mongolia. These trends include: 1) less rivalry between, and more collaboration among NGOs; 2) greater cooperation between NGOs and government; 3) the expansion of NGOs into rural areas (typically as branches of urban NGOs); and 4) the proliferation of more sophisticated fund-raising techniques among NGOs.

TAF has proposed eight indicators to evaluate the success of its activities. They include: 1) increases in NGO membership; 2) increases in geographic representation of NGOs; 3) increases in diversity of funding of NGOs; 4) increases in the self-sustainability of NGOs; 5) the level of NGO influence on public policy; 6) improvements in the NGO enabling environment; 7) improvements in NGO access to official information and meetings; and 8) the establishment of one new citizen-originated NGO. Information on progress towards meeting the goals incorporated into these indicators is not yet available.

III.C.2 Expected Progress Through FY 1999 - Democracy

USAID/Mongolia programming decisions are contingent upon Congressional earmarks and funds exist only to carry democracy activities through FY 1997. (For planning purposes only, we have assumed a funding level of \$1 million for democracy in FY 1998 and FY 1999.) Presently, \$1 million is available to fund democracy activities in Mongolia in FY 1997. We intend to continue existing activities in the field of civil society (IR #1) and to launch new activities with the judicial branch (IR #2) and legislative branch (IR #3).

To achieve our goals in the civil society sector we plan to continue to work with The Asia Foundation. We intend, however, to alter our relationship with this organization, placing greater emphasis on:

- partnerships with other non-Mongolian organizations active in the field of civil society (thus spawning new relationships that might be referred to as TAF/Mongolia "stewardship" of civil society on behalf of USAID);
- instituting a program of small grants directed at NGOs (or branches of NGOs) located outside of Ulaanbaatar, especially in non-urban areas;
- frequent follow-up work with past recipients of TAF assistance;
- timely evaluation of the results of TAF assistance; and
- regular TAF/USAID liaison.

We envision budgeting \$400,000 for the TAF activity with the funds being distributed as follows: 1) \$100,000 for the non-Mongolian partnerships; 2) \$200,000 for the small grant program; 3) \$75,000 for follow-on activities and evaluation; and 4) \$25,000 for USAID/TAF liaison. We intend to make the small grant program, which will focus on developing NGOs outside of Ulaanbaatar, the heart of our program under IR #1. Small but relatively weak NGOs, typically branches of Ulaanbaatar-based NGOs are beginning to appear in aimag and soum centers around Mongolia. We believe that this is a trend in civil society should be fostered because it will: 1) address the problem of alienation of citizens living in rural areas raised earlier in this report; 2) improve the quality of governance outside of Ulaanbaatar, and 3) promote a better understanding of citizen rights and obligations under a democracy. Mongolia still has many years of austerity ahead of it and the development of a vital civil society outside of Ulaanbaatar is critical to broadening and deepening Mongolian's support for democracy during this period.

To achieve IR #2, "organs of the judicial branch use their authority and powers to support and protect a wide and sustained public dialogue on national issues," we intend to work with IDLI, the International Development Law Institute. As noted earlier, Mongolia has a weak and poorly developed judicial branch. The following is an illustrative list of some of the activities that we may ask IDLI to work on: 1) promote the concept of judicial independence inside and outside the judiciary; 2) educate members of the judiciary on their role in the protection of civil liberties; 3) improve communications between the legislative and judicial branches and among the various courts of the judiciary; and 4) develop and foster the adoption of a judicial code of ethics. We intend to provide \$350,000 to IDLI in FY 1997 to pursue these tasks. Since IDLI is already working with the Asian Development Bank on judicial sector activities in Mongolia we expect to achieve significant economies of scale in our work with this organization.

To achieve IR #3, "electorate given access and a voice in national and local legislatures," we intend to work with the International Republican Institute. We expect to ask IRI to address the following needs: 1) helping the majority and minority caucuses professionalize their operations in the Great Hural, including helping them to streamline parliamentary procedures and structure, improve management of resources and foster better minority-majority and executive-legislative branch relations; 2) helping MPs to improve communications with their district constituencies through the opening of district offices and the establishment of efficient office operating

procedures; and 3) providing technical assistance to all three major parties aimed at making them more sustainable political organizations. IRI has been working in Mongolia since 1991 and has a strong record of success. We intend to provide \$250,000 to them in FY 1997 to pursue the three tasks outlined above.

Assuming that additional funds are forthcoming, we envision funding TAF, IRI and IDLI at approximately the same levels in FY 1998 and FY 1999. This follow-on funding is required if USAID hopes to achieve its democracy and governance strategic objective in Mongolia.

PART IV: RESOURCE REQUEST

USAID/Mongolia activities have been financed almost entirely out of Economic Support Funds since the inception of the program in 1990. These funds are made available on a year-to-year basis, limiting the ability of the Mission to engage in program resource planning. Although the Mission believes that a compelling case can be made for a continued USAID presence in Mongolia through FY 2000, it recognizes that the decision is in the hands of Congress. With this uncertainty in mind, USAID/Mongolia's resource request is presented below. The request represents the Mission's best estimate of what it will take to meet its strategic objectives as outlined in Parts II and III of this report.

IV.A Financial Plan

This resource request is based upon the following OYB assumptions:

	Energy SpO 1	Economic Growth SO 1	Democracy & Governance SO 2	Total
FY 1997:	\$7 million	\$2 million	\$1 million	\$10 million
FY 1998:	\$4 million	\$2 million	\$1 million	\$7 million
FY 1999:	---	\$2 million	\$1 million	\$3 million
FY 2000:	---	\$2 million	\$1 million	\$3 million

The Budget Request Tables for FY 1997, FY 1998 and FY 1999 appear on pages 34-36. USAID/Mongolia's resource request is reviewed in more detail below:

- **Special Objective 1: Energy.** Except for the \$200,000 for renewable energy and \$150,000 set aside for USAID management costs, FY 1997 activities under this SpO are essentially a commodity drop. While some FY 1997 procurements may lag beyond September 30, 1997, we expect to have all of the funds obligated well before the end of the fiscal year. We assume that this pattern will also apply to any future emergency energy sector expenditures, assuming Congress earmarks funds for Mongolia. Given that the energy crisis should be over by June 1999 at the latest, we do not anticipate any further funds for this SpO after FY 1998. A decision to undertake non-emergency activities in this sector is likely to require the development of a new strategic objective.

**USAID FY 1997 Budget Request by Program/Country
(\$000)**

26-Jul-99
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Country/Program: USAID/Mongolia

S.O. #	Title	Est. SO Pipeline at end of FY 96	FY 1997 Total Request	Basic Education for Childrn	Other Economic Growth	Population	Child Survival	HIV/AIDS	Other Health	Environ	D/G	Est Expend. FY 97	Est Total cost life of SO	Mortgage at end of 1997
SO 1: A policy and institutional framework conducive to rapid private-sector expansion created.														
	FSA	1,862	2,000	0	2,000	0	0	0	0	0	0	3,000	7,500	2,150
	Bilateral		0	0	0	0	0	0	0	0	0			
	Field Spt		0	0	0	0	0	0	0	0	0			
	Total	1,862	2,000	0	2,000	0	0	0	0	0	0	3,000	0	0
SO 2: A broad, protected and sustainable public dialogue on key issues of the new and emerging social contract.														
	FSA	550	1,000	0	0	0	0	0	0	0	1,000	1,550	1,650	0
	Bilateral		0	0	0	0	0	0	0	0	0			
	Field Spt		0	0	0	0	0	0	0	0	0			
	Total	550	1,000	0	0	0	0	0	0	0	1,000	1,550	0	0
SO 3:														
	Bilateral		0	0	0	0	0	0	0	0	0			
	Field Spt		0	0	0	0	0	0	0	0	0			
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0
SO 4:														
	Bilateral		0	0	0	0	0	0	0	0	0			
	Field Spt		0	0	0	0	0	0	0	0	0			
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0
SSO 1:														
	Bilateral		0	0	0	0	0	0	0	0	0			
	Field Spt		0	0	0	0	0	0	0	0	0			
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0
SSO 2:														
	Bilateral		0	0	0	0	0	0	0	0	0			
	Field Spt		0	0	0	0	0	0	0	0	0			
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0
SP0 1: Emergency support provided to the Mongolian power production system.														
	ESF	3,600	7,000	0	7,000	0	0	0	0	0	0	10,600	45,500	200
	Bilateral		0	0	0	0	0	0	0	0	0			
	Field Spt		0	0	0	0	0	0	0	0	0			
	Total	3,600	7,000	0	7,000	0	0	0	0	0	0	10,600	0	0
SP0 2:														
	Bilateral		0	0	0	0	0	0	0	0	0			
	Field Spt		0	0	0	0	0	0	0	0	0			
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral			10,000	0	9,000	0	0	0	0	0	1,000			
Total Field Support			0	0	0	0	0	0	0	0	0			
TOTAL PROGRAM		6,012	10,000	0	9,000	0	0	0	0	0	1,000	15,150	0	0

FY 97 Budget Request by Appropriation - (\$000's)	
Development Assistance	0
Development Fund for Africa	0
Economic Support Funds	7,000
SEED	0
FSA	3,000
PL 480 Title II	0
PL 480 Title III	0
Micro & Small Ent. Dev. Credit Program	0
Housing Investment Guarantee Program	0
Enhanced Credit Program	0
Disaster Assistance	0

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**USAID FY 1998 Budget Request by Program/Country
(\$000)**

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Country/Program: USAID/Mongolia

S.O. #	Title	Approp Acct	Bilateral/ Field Spt	Est. SO Pipeline at end of FY 97	FY 1998 Total Request	Basic Education for Childrn	Other Economic Growth	Population	Child Survival	HIV/AIDS	Other Health	Environ	D/G	Est Expend. FY 98	Est Total cost life of SO	Mortgage at end of 1998
SO 1: A policy and institutional framework conducive to private sector expansion created.																
	ESF	Bilateral		862	2,000	0	2,000	0	0	0	0	0	0	2,500	7,500	150
		Field Spt			0	0	0	0	0	0	0	0	0			
		Total		862	2,000	0	2,000	0	0	0	0	0	0	2,500	0	0
SO 2: A broad, protected and sustainable public dialogue on key issues of the new and emerging social contract.																
	ESF	Bilateral		0	1,000	0	0	0	0	0	0	0	1,000	1,000	2,650	0
		Field Spt			0	0	0	0	0	0	0	0	0			
		Total		0	1,000	0	0	0	0	0	0	0	1,000	1,000	0	0
SO 3:																
		Bilateral			0	0	0	0	0	0	0	0	0			
		Field Spt			0	0	0	0	0	0	0	0	0			
		Total		0	0	0	0	0	0	0	0	0	0	0	0	0
SO 4:																
		Bilateral			0	0	0	0	0	0	0	0	0			
		Field Spt			0	0	0	0	0	0	0	0	0			
		Total		0	0	0	0	0	0	0	0	0	0	0	0	0
SSO 1																
		Bilateral			0	0	0	0	0	0	0	0	0			
		Field Spt			0	0	0	0	0	0	0	0	0			
		Total		0	0	0	0	0	0	0	0	0	0	0	0	0
SSO 2																
		Bilateral			0	0	0	0	0	0	0	0	0			
		Field Spt			0	0	0	0	0	0	0	0	0			
		Total		0	0	0	0	0	0	0	0	0	0	0	0	0
SP0 1: Emergency support provided to the Mongolian power production system.																
		Bilateral		0	4,000	0	0	0	0	0	0	0	0	4,000	49,300	0
		Field Spt			0	0	0	0	0	0	0	0	0			
		Total		0	4,000	0	0	0	0	0	0	0	0	4,000	0	0
SP0 2:																
		Bilateral			0	0	0	0	0	0	0	0	0			
		Field Spt			0	0	0	0	0	0	0	0	0			
		Total		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral					7,000	0	2,000	0	0	0	0	0	1,000			
Total Field Support					0	0	0	0	0	0	0	0	0			
TOTAL PROGRAM				862	7,000	0	2,000	0	0	0	0	0	1,000	7,500	0	0

FY 98 Budget Request by Appropriation - (\$000's)	
Development Assistance	0
Development Fund for Africa	0
Economic Support Funds	7,000
SEED	0
FSA	0
PL 480 Title II	0
PL 480 Title III	0
Micro & Small Ent. Dev. Credit Program	0
Housing Investment Guarantee Program	0
Enhanced Credit Program	0
Disaster Assistance	0

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**USAID FY 1999 Budget Request by Program/Country
(\$000)**

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Country/Program: USAID/Mongolia

S.O. #	Title	Approp Acct	Bilateral/ Field Spt	Est. SO Pipeline at end of FY 98	FY 1999 Total Request	Basic Education for Childrn	Other Economic Growth	Population	Child Survival	HIV/AIDS	Other Health	Environ	D/G	Est Expend. FY 99	Est Total cost life of SO	Mortgage at end of 1999
SO 1: A policy and institutional framework conducive to rapid private sector expansion created.																
	ESF		Bilateral	362	2,000	0	150	0	0	0	0	0	0	2,362	9,500	0
			Field Spt		0	0	0	0	0	0	0	0	0			
	Total			362	2,000	0	150	0	0	0	0	0	0	2,362	0	0
SO 2: A broad, protected and sustainable public dialogue on key issues of the new and emerging social contract.																
	ESF		Bilateral	0	1,000	0	0	0	0	0	0	0	1,000	1,000	3,650	0
			Field Spt		0	0	0	0	0	0	0	0	0			
	Total			0	1,000	0	0	0	0	0	0	0	1,000	1,000	0	0
SO 3:																
			Bilateral		0	0	0	0	0	0	0	0	0			
			Field Spt		0	0	0	0	0	0	0	0	0			
	Total			0	0	0	0	0	0	0	0	0	0	0	0	0
SO 4:																
			Bilateral		0	0	0	0	0	0	0	0	0			
			Field Spt		0	0	0	0	0	0	0	0	0			
	Total			0	0	0	0	0	0	0	0	0	0	0	0	0
SSO 1																
			Bilateral		0	0	0	0	0	0	0	0	0			
			Field Spt		0	0	0	0	0	0	0	0	0			
	Total			0	0	0	0	0	0	0	0	0	0	0	0	0
SSO 2																
			Bilateral		0	0	0	0	0	0	0	0	0			
			Field Spt		0	0	0	0	0	0	0	0	0			
	Total			0	0	0	0	0	0	0	0	0	0	0	0	0
SP0 1:																
			Bilateral		0	0	0	0	0	0	0	0	0			
			Field Spt		0	0	0	0	0	0	0	0	0			
	Total			0	0	0	0	0	0	0	0	0	0	0	0	0
SP0 2:																
			Bilateral		0	0	0	0	0	0	0	0	0			
			Field Spt		0	0	0	0	0	0	0	0	0			
	Total			0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral					3,000	0	150	0	0	0	0	0	1,000			
Total Field Support					0	0	0	0	0	0	0	0	0			
TOTAL PROGRAM				362	3,000	0	150	0	0	0	0	0	1,000	3,362	0	0

FY 99 Budget Request by Appropriation - (\$000's)	
Development Assistance	0
Development Fund for Africa	0
Economic Support Funds	3,000
SEED	0
FSA	0
PL 480 Title II	0
PL 480 Title III	0
Micro & Small Ent. Dev. Credit Program	0
Housing Investment Guarantee Program	0
Enhanced Credit Program	0
Disaster Assistance	0

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Strategic Objective 1: Economic Growth. If additional funds become available for EPSP they would be allotted based upon the following priorities: 1) funding core EPSP activities until the PACD of September 30, 1999 (cost: approximately \$1 million); 2) hiring long-term and short-term advisors to work on issues related to fiscal decentralization (cost: approximately \$1 million); 3) increasing the number of long-term trainees financed under the EPSP project by 10 (cost: approximately \$1 million); and 4) extending the EPSP PACD until September 30, 2000 and funding core activities until the PACD (cost: approximately \$1 million).

Strategic Objective 2: Democracy. We envision budgeting \$400,000 of FY 1997 for TAF with the funds being distributed as follows: 1) \$100,000 for non-Mongolian partnerships; 2) \$200,000 for a small grant program; 3) \$75,000 for follow-on activities and evaluation; and 4) \$25,000 for USAID/TAF liaison. To achieve IR #2, "organs of the judicial branch use their authority and powers to support and protect a wide and sustained public dialogue on national issues," we intend to provide \$350,000 to the International Development Law Institute to pursue the following tasks: 1) promote the concept of judicial independence inside and outside the judiciary; 2) educate members of the judiciary on their role in the protection of civil liberties; 3) improve communications between the legislative and judicial branches and among the various courts of the judiciary; and 4) develop and foster the adoption of a judicial code of ethics. To achieve IR #3, "electorate given access and a voice in national and local legislatures," we intend to provide \$250,000 to the International Republican Institute, asking them to address the following needs: 1) helping the majority and minority caucuses professionalize their operations in the Great Hural; 2) helping MPs to improve communications with their district constituencies through the opening of district offices and the establishment of efficient office operating procedures; and 3) providing technical assistance to all three major parties aimed at making them more sustainable political organizations.

Assuming that additional funds are forthcoming, we envision funding TAF, IRI and IDLI at approximately the same levels in FY 1998 and FY 1999. This follow-on funding is required if USAID hopes to achieve its democracy and governance strategic objective in Mongolia.

IV.B Prioritization of Objectives and Threshold of Pain Analysis

We believe that as long as the energy emergency lasts and Congress continues to earmark funds specifically to address this emergency, the Mongolia Energy Special Objective should be USAID's highest priority in Mongolia. We anticipate, however, that the need for emergency energy funds will continue through FY 1998 at the latest. When emergency funding ends we recommend that the energy activities fall to the lowest priority and that the Democracy and Economic Growth SOs jointly step up to the highest priority. Thus, we would seek to preserve energy funds in the event of a budget cut during the energy crisis, but would trim these funds first in the event of a budget cut after the crisis is over.

In the event of OYB cuts in FY 1997 we see no way to absorb cuts under the Economic Growth and Democracy Strategic Objectives without sacrificing Intermediate Results. More flexibility is likely to exist during FY 1998 and FY 1999 under the Economic Growth SO, where cuts of

up to 50% would lead to less training and a shortened project life, but would still probably still permit achievement of the Strategic Objective. Less flexibility exists under the Democracy SO. Any cuts below the \$1 million level in FY 1998 or FY 1999 will probably require one or more Intermediate Results to be sacrificed. (See the table below.)

If circumstances do warrant a sharp reduction in the resources devoted to the Mission's Democracy and Economic Growth Strategic Objectives, we would consider combining the Economic Growth and Democracy SOs into a single Political and Economic Reform SO. This was the approach taken in the early years of the USAID/Mongolia program when resources available for political and economic reform were limited. Given the advantageous placement of the EPSP office (i.e., within the Prime Minister's office) we would probably fold the democracy activities under EPSP.

Threshold of Pain Analysis (in Millions)

	Energy SpO 1	Econ Growth SO 1	Democracy SO 2	Total
FY 1997 Planned:	\$7.0	\$2.0	\$1.0	\$10.0
10% cut	\$7.0	\$1.333	\$0.666	\$9.0
20% cut	\$7.0	\$0.666	\$0.333	\$8.0
50% cut	\$5.0	---	---	\$5.0
FY 1998 Planned:	\$4.0	\$2.0	\$1.0	\$7.0
10% cut	\$4.0	\$1.3	\$1.0	\$6.3
20% cut	\$4.0	\$0.4	\$1.0	\$5.4
50% cut	\$3.5	---	---	\$3.5
FY 1999 Planned:	---	\$2.0	\$1.0	\$3.0
10% cut	---	\$1.7	\$1.0	\$2.7
20% cut	---	\$1.4	\$1.0	\$2.4
50% cut	---	\$0.5	\$1.0	\$1.5

IV.C Field Support Linkage

USAID/Mongolia has made use of Global Bureau field support in the past and has been highly satisfied with the results. The Mission is planning to continue its recently initiated buy-in to the Consortium for Elections and Political Process Strengthening (CEPPS) Project to obtain the services of the International Republican Institute. We currently estimate that the Mission will devote \$250,000 of its \$1 million FY 1997 democracy budget to the IRI activity. If additional ESF funds are forthcoming after 1997, we would anticipate continuing IRI funding at the \$250,000 level through FY 1999. These funds will be used to increase professional abilities committee staff in the Great Hural and to help all parties prepare for Mongolia's third national parliamentary election in June 2000.

GLOBAL FIELD SUPPORT

Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)					
				F Y 1 9 9 7		F Y 1 9 9 8		F Y 1 9 9 9	
				Obligated by:		Obligated by:		Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
S.O. 2: Protected and sustainable public dialogue	936-5468 Consortium for Elections and Political Process Stre	Medium	4 years (1996-99)	250	----	250	----	250	----
GRAND TOTAL.....				250	----	250	----	250	----

*For Priorities use high, medium-high, medium, medium-low, low

IV.D Workforce and OE

USAID/Mongolia currently has an authorized staff level of one USDH and four FSN PSCs. As of March 1, 1997 the four FSN positions were filled while the USDH position remained unfilled. We believe that this staffing pattern represents the absolute minimum required to maintain a U.S. direct hire presence in Mongolia. (See the table below for details about the allocation of Mission staffing by strategic objective.)

The departure of the U.S. direct hire (presumably at the end of calendar year 1998) would result in considerable OE savings. However, experience over the last six months has shown that all existing positions are required even in the absence of a direct hire. Thus we do not envision any FSN staff cuts after the USDH departs unless a precipitous reduction in program funding permits the elimination of one of the two FSN project officers.

Staff Requirements (FY 1997-1999) *

Staff	SpO 1 Energy	SO 1 Econ Growth	SO 2 Democracy	Other (Admin)	TOTAL
USDH	-	0.5	0.5	-	1.0
FSN - OE	-	-	-	2.0	2.0
FSN - Prog.	1.0	0.5	0.5	-	2.0
TOTAL	1.0	1.0	1.0	2.0	5.0

* USAID/Mongolia staffing is augmented by TDY support from Manila and Washington. It is anticipated that the USDH line in the table above will be deleted in FY 1999 resulting in the number of staff dropping from five to four.

USAID/Mongolia's OE request is \$337,800, down from \$421,600 in FY 1996. The lower figure is the result of: cutting the USAID office space in half, giving up two of the three Mission apartments, the loss of one FSN and the absence of a U.S. direct hire for at least half of the fiscal year. Almost two-thirds of the \$337,800 requested is attributable to the cost of office operations, particularly TDY support from Manila and Washington as well as communications expenses. These expenses are a product of the Mission's small size and relatively remote location. Other OE expenditures are relatively low. The costs of keeping a USDH at post are especially low (apartments typically rent for \$660 per month) and it is possible to hire extremely well qualified FSN professionals for salaries under \$6,000 annually. (See table below.)

If OE is cut substantially (i.e. anything over 10%) during FY 1997 or 1998 we would recommend that the U.S. direct hire presence in Mongolia be terminated. We expect to be able to absorb an OE cut after the USDH departs post in June 1999. The new, lower OE figure is likely to represent the minimum amount required to operate the program in Mongolia under USAID/Philippines management.

Operating Expense Requirements (FY 1997)

OE/Trust Funded Levels by Major Function Code		FY 1997 TOTAL
U100 USDH		21,200
U200 FSN Direct Hire	0	
U300 Contract Personnel	48,500	
U400 Housing	22,400	
U500 Office Operations	224,800	
U600 NXP		20,900
Total Mission-Funded OE	337,800	
Amount Trust Funded		0

IV.E Environmental Compliance

A negative threshold decision has been approved for the Mongolia Energy Project. This decision was made with the understanding that an environmental impact professional will conduct a field review of USAID energy sector procurements in the next 6-8 months, review the regulatory appropriateness of the decision and prepare guidelines establishing what levels of new regulatory impact assessment will be required to approve what kind of future energy sector assistance to be provided to Mongolia.

In addition, we are applying for categorical exclusions for the Mongolia Democracy SO and Economic Growth based upon the grounds that activities undertaken in support of these SOs will not have an effect on the natural or physical environment.

As with all A.I.D. funded projects, and pursuant to 22 CFR 216.3 (a) (9), if new information becomes available which indicates that any of the proposed actions to be funded by this activity might be "major" and their effects "significant," the threshold decisions for those actions will be reviewed and revised by the Bureau Environmental Officer and an environmental assessment prepared, as appropriate.

Organization: USAID/MONGOLIA

[illegible]

Totals by Staffing Catagory - FY 1997 Ceiling

								Support Offices								
Staff	Strategic Objective 1: Economic Growth	Strategic Objective 2: Democracy Building		Special Objective 1: Energy System Reformed			Subtotal S.O. Staff	Mission Mgt.	Con- troller	EXO	Con- tracts	Legal	Program	Other	Subtotal Support Staff	Grand Total Staff
USDH	0.5	0.5	0	0	0	0	1	0	0	0	0	0	0	0	0	1
USPSC (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
USPSC (Program Funded)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total USPSCs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FSN/TCN Direct Hire (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FSN/TCN Non Direct Hire (OE/TF)	0	0	0	0	0	0	0	1	0	1	0	0	0	0	2	2
FSN/TCN Non Direct Hire (Program Funded)	0.5	0.5	0	1	0	0	2	0	0	0	0	0	0	0	0	2
Total FSN/TCN Non Direct Hire	0.5	0.5	0	1	0	0	2	1	0	1	0	0	0	0	2	4
Total FSN/TCN (OE/TF)	0	0	0	0	0	0	0	1	0	1	0	0	0	0	2	2
Total FSN/TCN (Program Funded)	0.5	0.5	0	1	0	0	2	0	0	0	0	0	0	0	0	2
Total FSN/TCN Staff	0.5	0.5	0	1	0	0	2	1	0	1	0	0	0	0	2	4
Total Other (RSSA, PASA, IPA) (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other (RSSA, PASA, IPA) (Program Funded)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FSN/TCN Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total OE/TF Staff (includes USDH)	0.5	0.5	0	0	0	0	1	1	0	1	0	0	0	0	2	3
Total Program Funded Staff	0.5	0.5	0	1	0	0	2	0	0	0	0	0	0	0	0	2
Grand Total All Staff	1	1	0	1	0	0	3	1	0	1	0	0	0	0	2	5

Notes:

* TAACs and Fellows count against G ceilings only and thus are "below the line" for field operating units. Service in the capacity of TAACs should be reported as TAACs regardless of the hiring mechanism. They should not be reported under PSCs, PASAs, RSSAs, etc.

The data in the table reflects positions, NOT, on-board strength or FTEs. You can devide the positions of people working on more than one SO, but do not subdivide in units of less than a half (0.5).

Provide separate tables for FY 97, 98, and 99.

Organization: USAID/MONGOLIA

[illegible]

Totals by Staffing Catagory - FY 1998 Ceiling

								Support Offices								
Staff	Strategic Objective 1: Economic Growth	Strategic Objective 2: Democracy Building		Special Objective 1: Energy System Reformed			Subtotal S.O. Staff	Mission Mgt.	Con-troller	EXO	Con-tracts	Legal	Program	Other	Subtotal Support Staff	Grand Total Staff
USDH	0.5	0.5	0	0	0		1	0	0	0	0	0	0	0	0	1
USPSC (OE/TF)	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
USPSC (Program Funded)	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
Total USPSCs	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
FSN/TCN Direct Hire (OE/TF)	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
FSN/TCN Non Direct Hire (OE/TF)	0	0	0	0	0		0	1	0	1	0	0	0	0	2	2
FSN/TCN Non Direct Hire (Program Funded)	0.5	0.5	0	1	0		2	0	0	0	0	0	0	0	0	2
Total FSN/TCN Non Direct Hire	0.5	0.5	0	1	0		2	1	0	1	0	0	0	0	2	4
Total FSN/TCN (OE/TF)	0	0	0	0	0		0	1	0	1	0	0	0	0	2	2
Total FSN/TCN (Program Funded)	0.5	0.5	0	1	0		2	0	0	0	0	0	0	0	0	2
Total FSN/TCN Staff	0.5	0.5	0	1	0		2	1	0	1	0	0	0	0	2	4
Total Other (RSSA, PASA, IPA) (OE/TF)	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
Total Other (RSSA, PASA, IPA) (Program Funded)	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
Total FSN/TCN Staff	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0
Total OE/TF Staff (includes USDH)	0.5	0.5	0	0	0		1	1	0	1	0	0	0	0	2	3
Total Program Funded Staff	0.5	0.5	0	1	0		2	0	0	0	0	0	0	0	0	2
Grand Total All Staff	1	1	0	1	0		3	1	0	1	0	0	0	0	2	5

Notes:

* TAACs and Fellows count against G ceilings only and thus are "below the line" for field operating units. Service in the capacity of TAACs should be reported as TAACs regardless of the hiring mechanism. They should not be reported under PSCs, PASAs, RSSAs, etc.

The data in the table reflects positions, NOT, on-board strength or FTEs. You can devide the positions of people working on more than one SO, but do not subdivide in units of less than a half (0.5).

Provide separate tables for FY 97, 98, and 99.

Organization: USAID/MONGOLIA

[illegible]

Totals by Staffing Catagory - FY 1999 Target

								Support Offices								
Staff	Strategic Objective 1: Economic Growth	Strategic Objective 2: Democracy Building		Special Objective 1: Energy System Reformed			Subtotal S.O. Staff	Mission Mgt.	Con-troller	EXO	Con-tracts	Legal	Program	Other	Subtotal Support Staff	Grand Total Staff
USDH	0.5	0.5	0	0	0	0	1	0	0	0	0	0	0	0	0	1
USPSC (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
USPSC (Program Funded)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total USPSCs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FSN/TCN Direct Hire (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FSN/TCN Non Direct Hire (OE/TF)	0	0	0	0	0	0	0	1	0	1	0	0	0	0	2	2
FSN/TCN Non Direct Hire (Program Funded)	0.5	0.5	0	1	0	0	2	0	0	0	0	0	0	0	0	2
Total FSN/TCN Non Direct Hire	0.5	0.5	0	1	0	0	2	1	0	1	0	0	0	0	2	4
Total FSN/TCN (OE/TF)	0	0	0	0	0	0	0	1	0	1	0	0	0	0	2	2
Total FSN/TCN (Program Funded)	0.5	0.5	0	1	0	0	2	0	0	0	0	0	0	0	0	2
Total FSN/TCN Staff	0.5	0.5	0	1	0	0	2	1	0	1	0	0	0	0	2	4
Total Other (RSSA, PASA, IPA) (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other (RSSA, PASA, IPA) (Program Funded)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FSN/TCN Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total OE/TF Staff (includes USDH)	0.5	0.5	0	0	0	0	1	1	0	1	0	0	0	0	2	3
Total Program Funded Staff	0.5	0.5	0	1	0	0	2	0	0	0	0	0	0	0	0	2
Grand Total All Staff	1	1	0	1	0	0	3	1	0	1	0	0	0	0	2	5

Notes:

* TAACs and Fellows count against G ceilings only and thus are "below the line" for field operating units. Service in the capacity of TAACs should be reported as TAACs regardless of the hiring mechanism. They should not be reported under PSCs, PASAs, RSSAs, etc.

The data in the table reflects positions, NOT, on-board strength or FTEs. You can devide the positions of people working on more than one SO, but do not subdivide in units of less than a half (0.5).

Provide separate tables for FY 97, 98, and 99.

Organization: _____

[illegible]

Totals by Staffing Catagory - FY 1999 Request

								Support Offices								
Staff	Strategic Objective 1: (title)	Strategic Objective 2: (title)	Strategic Objective 3: (title)	Special Objective 1: (title)	Special Objective 2: (title)	Special Objective 3: (title)	Subtotal S.O. Staff	Mission Mgt.	Con- troller	EXO	Con- tracts	Legal	Program	Other	Subtotal Support Staff	Grand Total Staff
USDH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
USPSC (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
USPSC (Program Funded)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total USPSCs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FSN/TCN Direct Hire (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FSN/TCN Non Direct Hire (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FSN/TCN Non Direct Hire (Program Funded)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FSN/TCN Non Direct Hire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FSN/TCN (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FSN/TCN (Program Funded)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FSN/TCN Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other (RSSA, PASA, IPA) (OE/TF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other (RSSA, PASA, IPA) (Program Funded)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total FSN/TCN Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total OE/TF Staff (includes USDH)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Funded Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total All Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Notes:

* TAACs and Fellows count against G ceilings only and thus are "below the line" for field operating units. Service in the capacity of TAACs should be reported as TAACs regardless of the hiring mechanism. They should not be reported under PSCs, PASAs, RSSAs, etc.

The data in the table reflects positions, NOT, on-board strength or FTEs. You can devide the positions of people working on more than one SO, but do not subdivide in units of less than a half (0.5).

Provide separate tables for FY 97, 98, and 99.

OE-23438.wk4

OC

Org. Title: <u>USAID/Mongolia</u>														
Org. No: <u>10692</u>														
OC														
			FY 97			FY 98			Requested FY 99			Targeted FY 99		
			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1 Personnel compensation, full-time permanent			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1 Base Pay & pymt. for annual leave balances - FNDH			0.0			0.0			0.0			0.0		
Subtotal OC 11.1			0.0 0.0 0.0			0.0 0.0 0.0			0.0 0.0 0.0			0.0 0.0 0.0		
11.3 Personnel comp. - other than full-time permanent			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3 Base Pay & pymt. for annual leave balances - FNDH			0.0			0.0			0.0			0.0		
Subtotal OC 11.3			0.0 0.0 0.0			0.0 0.0 0.0			0.0 0.0 0.0			0.0 0.0 0.0		
11.5 Other personnel compensation			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5 USDH			0.0			0.0			0.0			0.0		
11.5 FNDH			0.0			0.0			0.0			0.0		
Subtotal OC 11.5			0.0 0.0 0.0			0.0 0.0 0.0			0.0 0.0 0.0			0.0 0.0 0.0		
11.8 Special personal services payments			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8 USPSC Salaries			0.0			0.0			0.0			0.0		
11.8 FN PSC Salaries			38.0 38.0			43.7 43.7			0.0 0.0			50.3 50.3		
11.8 IPA/Details-In/PASAs/RSSAs Salaries			0.0			0.0			0.0			0.0		
Subtotal OC 11.8			38.0 0.0 38.0			43.7 0.0 43.7			0.0 0.0 0.0			50.3 0.0 50.3		
12.1 Personnel benefits			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1 USDH benefits			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1 Educational Allowances			0.0			0.0			0.0			0.0		
12.1 Cost of Living Allowances			0.0			0.0			0.0			0.0		
12.1 Home Service Transfer Allowances			0.0			0.0			0.0			0.0		
12.1 Quarters Allowances			0.0			0.0			0.0			0.0		
12.1 Other Misc. USDH Benefits			0.2 0.2			0.3 0.3			0.0 0.0			0.4 0.4		
12.1 FNDH Benefits			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1 Payments to the FSN Separation Fund - FNDH			0.0			0.0			0.0			0.0		
12.1 Other FNDH Benefits			0.0			0.0			0.0			0.0		
12.1 US PSC Benefits			0.0			0.0			0.0			0.0		
12.1 FN PSC Benefits			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1 Payments to the FSN Separation Fund - FN PSC			0.0			0.0			0.0			0.0		
12.1 Other FN PSC Benefits			7.0 7.0			8.4 8.4			0.0 0.0			10.1 10.1		
12.1 IPA/Detail-In/PASA/RSSA Benefits			0.0			0.0			0.0			0.0		
Subtotal OC 12.1			7.2 0.0 7.2			8.7 0.0 8.7			0.0 0.0 0.0			10.5 0.0 10.5		
13.0 Benefits for former personnel			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0 FNDH			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0 Severance Payments for FNDH			0.0			0.0			0.0			0.0		
13.0 Other Benefits for Former Personnel - FNDH			0.0			0.0			0.0			0.0		
13.0 FN PSCs			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0 Severance Payments for FN PSCs			0.0			0.0			0.0			0.0		
13.0 Other Benefits for Former Personnel - FN PSCs			0.0			0.0			0.0			0.0		
Subtotal OC 13.0			0.0 0.0 0.0			0.0 0.0 0.0			0.0 0.0 0.0			0.0 0.0 0.0		

Org. Title: USAID/MongoliaOrg. No: 10692

OC

FY 97				FY 98			Requested FY 99			Targeted FY 99		
Dollars	TF	Total		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
21.0	Travel and transportation of persons											
21.0	Training Travel											
21.0	Mandatory/Statutory Travel											
21.0	Post Assignment Travel - to field											
21.0	Assignment to Washington Travel											
21.0	Home Leave Travel											
21.0	R & R Travel			5.5						9.0		
21.0	Education Travel											
21.0	Evacuation Travel											
21.0	Retirement Travel											
21.0	Pre-Employment Invitational Travel											
21.0	Other Mandatory/Statutory Travel											
21.0	Operational Travel											
21.0	Site Visits - Headquarters Personnel			50.0						50.0		
21.0	Site Visits - Mission Personnel			40.0						45.0		
21.0	Conferences/Seminars/Meetings/Retreats			5.0						6.0		
21.0	Assessment Travel											
21.0	Impact Evaluation Travel											
21.0	Disaster Travel (to respond to specific disasters)											
21.0	Recruitment Travel											
21.0	Other Operational Travel											
	Subtotal OC 21.0			100.5	0.0	100.5	0.0	0.0	0.0	110.0	0.0	110.0
22.0	Transportation of things											
22.0	Post assignment freight											
22.0	Home Leave Freight									2.0		
22.0	Retirement Freight											
22.0	Transportation/Freight for Office Furniture/Equip.			0.2						0.2		
22.0	Transportation/Freight for Res. Furniture/Equip.			0.2						0.2		
	Subtotal OC 22.0			0.4	0.0	0.4	0.0	0.0	0.0	2.4	0.0	2.4
23.2	Rental payments to others											
23.2	Rental Payments to Others - Office Space											
23.2	Rental Payments to Others - Warehouse Space											
23.2	Rental Payments to Others - Residences			21.0						21.0		
	Subtotal OC 23.2			21.0	0.0	21.0	0.0	0.0	0.0	21.0	0.0	21.0
23.3	Communications, utilities, and miscellaneous charges											
23.3	Office Utilities			5.0						7.0		
23.3	Residential Utilities			3.5						4.2		
23.3	Telephone Costs			87.0						98.7		
23.3	ADP Software Leases											
23.3	ADP Hardware Lease											
23.3	Commercial Time Sharing											
23.3	Postal Fees (Other than APO Mail)			1.2						1.4		
23.3	Other Mail Service Costs											
23.3	Courier Services			2.4						2.9		
	Subtotal OC 23.3			99.1	0.0	99.1	0.0	0.0	0.0	114.2	0.0	114.2

OVERSEAS MISSION BUDGET REQUEST

OE-23438.wk4

Org. Title: USAID/MongoliaOrg. No: 10692

OC

FY 97				FY 98			Requested FY 99			Targeted FY 99		
Dollars	TF	Total		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
24.0	Printing and Reproduction		0.0			0.0			0.0			0.0
	Subtotal OC 24.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.1	Advisory and assistance services		Do not enter data on this line									
25.1	Studies, Analyses, & Evaluations		0.0			0.0			0.0			0.0
25.1	Management & Professional Support Services		0.0			0.0			0.0			0.0
25.1	Engineering & Technical Services		0.0			0.0			0.0			0.0
	Subtotal OC 25.1		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.2	Other services		Do not enter data on this line									
25.2	Office Security Guards		0.0			0.0			0.0			0.0
25.2	Residential Security Guard Services		0.0			0.0			0.0			0.0
25.2	Official Residential Expenses		0.0			0.0			0.0			0.0
25.2	Representation Allowances	0.6	0.6	0.6		0.6			0.0	0.6		0.6
25.2	Non-Federal Audits		0.0			0.0			0.0			0.0
25.2	Grievances/Investigations		0.0			0.0			0.0			0.0
25.2	Insurance and Vehicle Registration Fees		0.0			0.0			0.0			0.0
25.2	Vehicle Rental		0.0			0.0			0.0			0.0
25.2	Manpower Contracts	3.5	3.5	4.2		4.2			0.0	5.0		5.0
25.2	Records Declassification & Other Records Services		0.0			0.0			0.0			0.0
25.2	Recruiting activities		0.0			0.0			0.0			0.0
25.2	Penalty Interest Payments		0.0			0.0			0.0			0.0
25.2	Other Miscellaneous Services	7.0	7.0	9.1		9.1			0.0	11.5		11.5
25.2	Staff training contracts		0.0			0.0			0.0			0.0
25.2	ADP related contracts		0.0			0.0			0.0			0.0
	Subtotal OC 25.2		11.1	0.0	11.1	13.9	0.0	13.9	0.0	17.1	0.0	17.1
25.3	Purchase of goods and services from Government accounts		Do not enter data on this line									
25.3	ICASS		0.0			47.0			0.0	56.4		56.4
25.3	All Other Services from Other Gov't. accounts		0.0			0.0			0.0			0.0
	Subtotal OC 25.3		0.0	0.0	0.0	47.0	0.0	47.0	0.0	56.4	0.0	56.4
25.4	Operation and maintenance of facilities		Do not enter data on this line									
25.4	Office building Maintenance		1.0			1.2			0.0	1.4		1.4
25.4	Residential Building Maintenance		5.0			7.0			0.0	7.0		7.0
	Subtotal OC 25.4		6.0	0.0	6.0	8.2	0.0	8.2	0.0	8.4	0.0	8.4
25.6	Medical Care				0.0			0.0				0.0
	Subtotal OC 25.6		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.7	Operation/maintenance of equipment & storage of goods		Do not enter data on this line									
25.7	ADP and telephone operation and maintenance costs		0.0			0.0			0.0			0.0
25.7	Storage Services		0.0			0.0			0.0			0.0
25.7	Office Furniture/Equip. Repair and Maintenance	1.5	1.5	1.8		1.8			0.0	2.0		2.0
25.7	Vehicle Repair and Maintenance	1.0	1.0	1.2		1.2			0.0	1.4		1.4
25.7	Residential Furniture/Equip. Repair and Maintenance	3.0	3.0	2.0		2.0			0.0	2.0		2.0
	Subtotal OC 25.7		5.5	0.0	5.5	5.0	0.0	5.0	0.0	5.4	0.0	5.4

Org. Title: USAID/Mongolia
Org. No: 10692
OC

Org. Title: USAID/Mongolia													
Org. No: 10692													
OC													
		FY 97			FY 98			Requested FY 99			Targeted FY 99		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.8	Substance and support of persons (by contract or Gov't.)			0.0			0.0			0.0			0.0
	Subtotal OC 25.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26.0	Supplies and materials	11.6		11.6	13.9		13.9			0.0	16.7		16.7
	Subtotal OC 26.0	11.6	0.0	11.6	13.9	0.0	13.9	0.0	0.0	0.0	16.7	0.0	16.7
31.0	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.	12.9		12.9	5.0		5.0			0.0	3.0		3.0
31.0	Purchase of Office Furniture/Equip.	4.0		4.0	2.0		2.0			0.0	2.0		2.0
31.0	Purchase of Vehicles			0.0			0.0			0.0			0.0
31.0	Purchase of Printing/Graphics Equipment			0.0			0.0			0.0			0.0
31.0	ADP Hardware purchases			0.0			0.0			0.0			0.0
31.0	ADP Software purchases			0.0			0.0			0.0			0.0
	Subtotal OC 31.0	16.9	0.0	16.9	7.0	0.0	7.0	0.0	0.0	0.0	5.0	0.0	5.0
32.0	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& construction of bldgs.)			0.0			0.0			0.0			0.0
32.0	Purchase of fixed equipment for buildings			0.0			0.0			0.0			0.0
32.0	Building Renovations/Alterations - Office			0.0			0.0			0.0			0.0
32.0	Building Renovations/Alterations - Residential			0.0			0.0			0.0			0.0
	Subtotal OC 32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42.0	Claims and indemnities			0.0			0.0			0.0			0.0
	Subtotal OC 42.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL BUDGET		337.8	0.0	337.8	368.4	0.0	368.4	0.0	0.0	0.0	417.4	0.0	417.4

The following line is to be used to show your estimate of FY 98 and FY 99 Program Funded ICASS costs.
Enter dollars in thousands - same format as above.

	FY 98	FY 99
	Est.	Est.
ICASS - Program Funded		

R4 Performance Tables

USAID/Mongolia

March 1997

USAID/Mongolia Energy SpO Performance Table

Special Objective 1: Emergency support provided to the Mongolian power production system. APPROVED: 18/April/1996 COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Gross electricity generation by the Mongolia Energy Authority.			
INDICATOR: Standard measure of power output.			
UNIT OF MEASURE: Millions of kilowatt hours. SOURCE: Mongolia Energy Authority. INDICATOR DESCRIPTION: See above. COMMENTS: The goal of the energy sector procurements was to maintain Mongolia's electrical generating capacity to its 1990 level.	YEAR	PLANNED	ACTUAL
	1990	NA	2985.6
	1992	NA	2611.2
	1994	NA	2622.9
	1995	NA	2485.1
	1996	NA	2475.8

Mongolia Energy SpO Performance Table

Special Objective 1: Emergency support provided to the Mongolian power production system. APPROVED: 18/April/1996 COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Gross electricity imported by the Mongolia Energy Authority.			
INDICATOR: Measure of power demand in excess of generating capacity.			
UNIT OF MEASURE: Millions of kilowatt hours. SOURCE: Mongolia Energy Authority. INDICATOR DESCRIPTION: See above. COMMENTS: The goal of the energy sector procurements was to maintain Mongolia's electrical imports to its 1990 level.	YEAR	PLANNED	ACTUAL
	1990	NA	227.9
	1992	NA	85.9
	1994	NA	206.9
	1995	NA	377.1
	1996	NA	375.8

Mongolia Energy SpO Performance Table

Special Objective 1: Emergency support provided to the Mongolian power production system. APPROVED: 18/April/1996 COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Gross electricity generation by Power Plant #3.			
INDICATOR: Standard measure of power output.			
UNIT OF MEASURE: Millions of kilowatt hours. SOURCE: Mongolia Energy Authority. INDICATOR DESCRIPTION: See above. COMMENTS: The goal of the energy sector procurements was to maintain Mongolia's electrical generating capacity to its 1990 level.	YEAR	PLANNED	ACTUAL
	1990	NA	570.8
	1992	NA	461.7
	1994	NA	505.9
	1995	NA	487.5
	1996	NA	318.6

Mongolia Energy SpO Performance Table

Special Objective 1: Emergency support provided to the Mongolian power production system. APPROVED: 18/April/1996 COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Gross electricity generation by Power Plant #4.			
INDICATOR: Standard measure of power output.			
UNIT OF MEASURE: Millions of kilowatt hours. SOURCE: Mongolia Energy Authority. INDICATOR DESCRIPTION: See above. COMMENTS: The goal of the energy sector procurements was to maintain Mongolia's electrical generating capacity to its 1990 level.	YEAR	PLANNED	ACTUAL
	1990	NA	2018.9
	1992	NA	1868.1
	1994	NA	1742.5
	1995	NA	1652.0
	1996	NA	1774.6

Mongolia Energy SpO Performance Table

Special Objective 1: Emergency support provided to the Mongolian power production system. APPROVED: 18/April/1996 COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Power produced as a percentage of installed capacity at Power Plant #3.			
INDICATOR: Standard measure of power plant utilization.			
UNIT OF MEASURE: Percentage. SOURCE: Mongolia Energy Authority. INDICATOR DESCRIPTION: See above. COMMENTS: The goal of the energy sector procurements was to maintain Mongolia's electrical generating capacity to its 1990 level.	YEAR	PLANNED	ACTUAL
	1990	NA	47.9%
	1992	NA	38.6%
	1994	NA	42.5%
	1995	NA	40.9%
	1996	NA	26.7%

Mongolia Energy SpO Performance Table

Special Objective 1: Emergency support provided to the Mongolian power production system. APPROVED: 18/April/1996 COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Power produced as a percentage of installed capacity at Power Plant #4.			
INDICATOR: Standard measure of power plant utilization.			
UNIT OF MEASURE: Percentage. SOURCE: Mongolia Energy Authority. INDICATOR DESCRIPTION: See above. COMMENTS: The goal of the energy sector procurements was to maintain Mongolia's electrical generating capacity to its 1990 level.	YEAR	PLANNED	ACTUAL
	1990	NA	50.1%
	1992	NA	39.4%
	1994	NA	36.8%
	1995	NA	34.9%
	1996	NA	37.4%

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1: A policy and institutional framework conducive to rapid private-sector expansion created. APPROVED: 21/April/1996 COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Consumer Price Inflation.			
INDICATOR: Standard measure fiscal discipline.			
UNIT OF MEASURE: Percent change from previous year. SOURCE: Prime Minister's Office INDICATOR DESCRIPTION: COMMENTS: Mongolia's small size and EPSP's enormous contributions lead USAID/Mongolia to believe that this ambitious measure is a valid yardstick for the success of this strategic objective.	YEAR	PLANNED	ACTUAL
	1994	NA	66.3%
	1995	NA	53.1%
	1996	NA	58.7%
	1997	33%	
	1998	20%	

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1, IR #1: GOM macro-economic and sectoral policy management and policy analysis improved.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Number of major GOM economic initiatives launched.			
INDICATOR: Measure economic reform activity.			
UNIT OF MEASURE: Number of major GOM economic initiatives. SOURCE: Prime Minister's Office. INDICATOR DESCRIPTION: A major economic initiative is one defined as marking a reversal of previous policy or a strikingly new direction of policy, in a core economic policy issue. COMMENTS: A target of six major economic reform initiatives is set for the period between January 1996 and December 1998.	YEAR	PLANNED	ACTUAL
	1996	2	2
	1997	2	
	1998	2	

Banking reform

Utility pricing

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1, IR #1: GOM macro-economic and sectoral policy management and policy analysis improved.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Number of economic initiatives in which EPSP-trained economists make a major contribution.			
INDICATOR: Measure of the impact of EPSP training.			
UNIT OF MEASURE: Number of GOM economic initiatives. SOURCE: Prime Minister's Office. INDICATOR DESCRIPTION: An economic initiative is one defined as a new approach to an important economic policy issue. A major contribution is one defined as leadership or active participation at a senior level in the design or implementation of the initiative. COMMENTS: A target of major contributions to twelve economic reform initiatives is set for the period between January 1996 and December 1998.	YEAR	PLANNED	ACTUAL
	1996	4	6
	1997	4	
	1998	4	

Banking reform

Utility pricing

Foreign investment policy

Tax reform

Providing leadership for Soros activities

Housing privatization

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1, IR #1: GOM macro-economic and sectoral policy management and policy analysis improved.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Appropriate economic tools and methodologies used by the GOM to guide policy formulation and implementation.			
INDICATOR: Measure of GOM economic analytical capabilities.			
UNIT OF MEASURE: Percentage of appropriate tools and methods adopted. SOURCE: Prime Minister's Office. INDICATOR DESCRIPTION: Appropriate economic tools and methodologies include: preparation and dissemination of acceptably accurate economic data within key policy agencies; economic analysis of underlying economic trends (including inflation, the exchange rate, income velocity of money, GDP growth, wages, elasticity and buoyancy of key government revenue sources, etc.; coordination of fiscal, monetary and sectoral policy in the framework of that analysis; application of lessons from other nations when appropriate. COMMENTS: A target of the preparation in Fall 1997 of the 1998 budget, monetary and economic/social guidelines* which are consistent with each other and consistent sound economic projections of key 1998 trends. A target of the establishment by Fall, 1998 of an inter-ministerial economic council, or other similar coordinating mechanism, to produce monthly economic updates integrating analysis of all key data into policy-making on an ongoing basis. * These are the three key policy documents which the Government is required to present to the Parliament in the Fall.	YEAR	PLANNED	ACTUAL
	1996	NA	NA
	1997	75% of the tools or methods listed.	
	1998	90% of the tools or methods listed.	

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1, IR #2: Energy policies improved.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: System for regulating energy pricing established and functioning.			
INDICATOR: Improved mechanism to help balance supply and demand in the energy sector.			
UNIT OF MEASURE: Yes/No to measure the establishment of the system. Number of pricing decisions to measure its functioning. SOURCE: Prime Minister's Office. INDICATOR DESCRIPTION: The system should create a mechanism under which utility prices will be adjusted regularly based on cost changes. COMMENTS: The target is to set up the system by December 1997 and to have at least five pricing decisions made by December 1998.	YEAR	PLANNED	ACTUAL
	1996	NA	NA
	1997	system established	
	1998	5 pricing decisions made	

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1, IR #2: Energy policies improved.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Reduction in public subsidization of the energy sector.			
INDICATOR: Measure of the soundness of Mongolian energy policy.			
UNIT OF MEASURE: Percent reduction in the public subsidization of the energy sector. SOURCE: Prime Minister's Office. INDICATOR DESCRIPTION: Public subsidization includes budgetary grants, tax arrears, and below-market interest rate bank or budget lending to the electricity and heat sectors. For below-market interest rate lending the subsidy is measured as the additional costs which would have been incurred had the same loans been granted at market rates. COMMENTS: The target is to have a 33% reduction by the end of 1996, a 50% reduction by the end of 1997 and a 100% reduction by the end of 1998.	YEAR	PLANNED	ACTUAL
	1996	33%	35%
	1997	50%	
	1998	100%	

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1, IR #3: Financial sector developed.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Increase in the real volume (i.e., constant tugriks) of private sector savings.			
INDICATOR: Measure of confidence in the financial sector.			
UNIT OF MEASURE: Inflation adjusted increase in savings measured as percent change from the previous year. SOURCE: Prime Minister's Office. INDICATOR DESCRIPTION: Private sector savings include tugrik or foreign currency demand and time savings and retirement account deposits of individuals and private companies in commercial banks. For measurement purposes foreign currency deposits will be valued in tugriks at current market exchange rates. COMMENTS: The target is to have a 10% increase in 1997 and 1998.	YEAR	PLANNED	ACTUAL
	1996	NA	
	1997	10%	
	1998	10%	

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1, IR #4: Mongolian national pension system reformed.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Self-financing national pension system established and functioning.			
INDICATOR: Measure of the soundness of the social safety net for pensioners.			
UNIT OF MEASURE: Yes/No to measure the establishment of the system. Percent of those eligible enrolled to measure how well the system is being accepted. SOURCE: Prime Minister's Office. INDICATOR DESCRIPTION: A self-financing national pension system is one under which contributions are invested on behalf of each participant, and eventually made available to him or her when eligible, rather than being used to pay the benefits of others currently eligible. COMMENTS: The target is to set up the system by December 1997 and to have at least 20% of those eligible contributing by December 1998.	YEAR	PLANNED	ACTUAL
	1996	NA	NA
	1997	system established	
	1998	20% of those eligible contributing	

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1, IR #5: Fiscal management improved.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Urban aimag expenditure increasingly financed through local revenue mobilization.			
INDICATOR: Measure of sound fiscal practice.			
<p>UNIT OF MEASURE: Yes/No to the passage of enabling legislation by parliament. Percent of aimag expenditures financed by local revenues to measure how well the system is working.</p> <p>SOURCE: Prime Minister's Office</p> <p>INDICATOR DESCRIPTION: The urban aimags are Ulaanbaatar, Darkhan-ull and Orkhon (Edernet). Local revenue mobilization is defined as the use of government fees, taxes and other revenue sources which are set at the discretion of the local government, rather than mandated by the central government.</p> <p>COMMENTS: The target is to set up the system by December 1997 and to have at least 20% of local expenditures financed by local revenue by December 1998.</p>	YEAR	PLANNED	ACTUAL
	1996	NA	NA
	1997	enabling legislation passed	
	1998	20% of local expenditures financed	

Mongolia Economic Growth SO Performance Table

STRATEGIC OBJECTIVE 1, IR #5: Fiscal management improved.			
APPROVED: 21/April/1996 COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Reduction in the highest tax rate on profits of small and medium sized enterprises.			
INDICATOR: Measure of sound fiscal practice.			
<p>UNIT OF MEASURE: Yes/No to the passage of enabling legislation by parliament. Percent reduction in tax level to measure the likely impact of the legislation.</p> <p>SOURCE: Prime Minister's Office.</p> <p>INDICATOR DESCRIPTION: Small and medium enterprises are defined as those with annual revenues of no more than 100 million tugriks in 1997 tugriks.</p> <p>COMMENTS: The target is to have the legislation passed by December 1997 and to have the highest tax rate drop from 40% to 30%.</p>	YEAR	PLANNED	ACTUAL
	1996	NA	NA
	1997	enabling legislation passed	
	1998	max tax rate drops from 40% to 30%	

Mongolia Democracy SO Performance Table

STRATEGIC OBJECTIVE 2, IR #1: A robust and self-sustaining community of indigenous citizen initiated NGOs exists.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Increase in NGO membership.			
INDICATOR: Measure of civil society vitality.			
UNIT OF MEASURE: Percent increase in NGO membership over the life of the grant. SOURCE: To be determined. INDICATOR DESCRIPTION: See above. COMMENTS: A target of a 15% increase in NGO membership is expected by the end of the grant.	YEAR	PLANNED	ACTUAL
	1996-1997		

Mongolia Democracy SO Performance Table

STRATEGIC OBJECTIVE 2, IR #1: A robust and self-sustaining community of indigenous citizen initiated NGOs exists.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Expanded geographic coverage of NGOs.			
INDICATOR: Measure of civil society vitality.			
UNIT OF MEASURE: Number of rural NGO chapters. SOURCE: To be determined. INDICATOR DESCRIPTION: See above. COMMENTS: By the end of the grant NGOs with regional interests will increase the numbers of their rural chapters by 10 each.	YEAR	PLANNED	ACTUAL
	1996-1997		

Mongolia Democracy SO Performance Table

STRATEGIC OBJECTIVE 2, IR #1: A robust and self-sustaining community of indigenous citizen initiated NGOs exists.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Increase in the diversity of NGO funding.			
INDICATOR: Measure of civil society vitality.			
UNIT OF MEASURE: Number of non-USAID funded NGOs. SOURCE: To be determined. INDICATOR DESCRIPTION: See above. COMMENTS: By the end of the grant at least three NGOs will increase their non-USAID institutional funding sources by two each.	YEAR	PLANNED	ACTUAL
	1996-1997		

Mongolia Democracy SO Performance Table

STRATEGIC OBJECTIVE 2, IR #1: A robust and self-sustaining community of indigenous citizen initiated NGOs exists.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Strengthened self-sustainability of NGOs.			
INDICATOR: Measure of civil society vitality.			
UNIT OF MEASURE: Number of NGOs with realistic fundraising plans. SOURCE: To be determined. INDICATOR DESCRIPTION: See above. COMMENTS: By the end of the grant at least five NGOs will demonstrate greater financial self-sustainability through the placement of a realistic and operative plan for fundraising and/or a 10% increase in non-USAID levels of income or funding.	YEAR	PLANNED	ACTUAL
	1996-1997		

Mongolia Democracy SO Performance Table

STRATEGIC OBJECTIVE 2, IR #1: A robust and self-sustaining community of indigenous citizen initiated NGOs exists.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: NGO influence on public policy.			
INDICATOR: Measure of civil society vitality.			
UNIT OF MEASURE: Number of examples where influence on policy is demonstrated. SOURCE: To be determined. INDICATOR DESCRIPTION: See above. COMMENTS: By the end of the grant at least two examples will be cited where NGO activities have led to oversight of and/or influence on policy reform, particularly in the areas of economics and politics.	YEAR	PLANNED	ACTUAL
	1996-1997		

Mongolia Democracy SO Performance Table

STRATEGIC OBJECTIVE 2, IR #1: A robust and self-sustaining community of indigenous citizen initiated NGOs exists.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Enhancement of the NGO enabling environment.			
INDICATOR: Measure of civil society vitality.			
UNIT OF MEASURE: Passage of a favorable NGO law. SOURCE: To be determined. INDICATOR DESCRIPTION: See above. COMMENTS: By the end of the grant a law favorable to the growth of NGOs will exist. To be "favorable" the law should have provisions allowing tax deductions for contributions to NGOs receiving donations, the right to earn income from businesses related to the missions of NGOs, access to information from the government, and the development of equitable registration policies.	YEAR	PLANNED	ACTUAL
	1996-1997		

Mongolia Democracy SO Performance Table

STRATEGIC OBJECTIVE 2, IR #1: A robust and self-sustaining community of indigenous citizen initiated NGOs exists.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: NGO access to official information and meetings.			
INDICATOR: Measure of civil society vitality.			
UNIT OF MEASURE: Access rate to government records - percentage of successful requests. SOURCE: To be determined. INDICATOR DESCRIPTION: See above. COMMENTS: By the end of the grant access to government archives will be given on a regular, per request basis. Success will be measured by an access rate that is greater than 50%.	YEAR	PLANNED	ACTUAL
	1996-1997		

Mongolia Democracy SO Performance Table

STRATEGIC OBJECTIVE 2, IR #1: A robust and self-sustaining community of indigenous citizen initiated NGOs exists.			
APPROVED: To be considered in the R4 review. COUNTRY/ORGANIZATION: USAID/Mongolia			
RESULT NAME: Establishment of a new NGO with a mission to influence public policy.			
INDICATOR: Measure of civil society vitality.			
UNIT OF MEASURE: Successful establishment and operation of the new NGO. SOURCE: To be determined. INDICATOR DESCRIPTION: See above. COMMENTS: By the end of the grant the citizen-initiated NGO will be established and duly registered with the Ministry of Justice and show evidence of its capacity to influence public policy.	YEAR	PLANNED	ACTUAL
	1996-1997		